



Mission Valley ROP
Wednesday, January 20, 2016
4 p.m. Governing Council Meeting
MVROP Board Room
(510) 657-1865 Ext. 15141



Agenda

Regular Meeting of the Governing Council
Mission Valley Regional Occupational Center/ Program
ROP Board Room
Wednesday, January 20, 2016
Regular Meeting (Open Session): 4 p.m.

Call to order _____p.m.

Pledge of Allegiance

Roll Call: _____ Nancy Thomas, President
_____ Jonas Dino, Vice President
_____ Larry Sweeney, Clerk
_____ Other

Board of Education Item #1

Election of Officers:

President _____

M _____ S _____ V _____

Vice President _____

M _____ S _____ V _____

Clerk _____

M _____ S _____ V _____

Approval of Agenda:

Motion: _____

Second: _____

Vote: _____

Communication:

- a. Items from the Staff
- b. Oral Communication
 - *MVROP Auto Body Painting and Refinishing Program Presentation*
- b. Written Communication
 - *“James Logan Students Win California Title in Science Contest” The Mercury News, December 16, 2015*
 - *MVROP Fall 2015 Reflections Newsletter*
 - *“Automotive Technology Students Named State Winners” The Tri-City Voice, January 5, 2016*
- c. Items from the Board

- d. Public Comment
 - Blue Speaker Card – Items on the agenda
 - Green Speaker Card – Items not on the agenda

Consent Calendar:

- a. **Minutes:**
Approve minutes from the Governing Council meeting on December 16, 2015.
- b. **Business and Finance:**
 - B&F#1 Approve Purchase Orders over \$5,000
 - B&F#2 Approve Warrants \$5,000 and above
 - B&F#3 Adopt Resolution Number 4-1516
Accept Donations to Mission Valley ROP
 - B&F#4 Annual Organizational Meeting and Authorized Signatures
Adopt Resolution #05-1516 Signature Card- Board Members
Adopt Resolution #06-1516 Signature Card- Authorized Agents
Payroll Warrants & Disbursements
- c. **Employment and Personnel:**
 - E&P#1 Approve Report of Classified Personnel Actions
 - E&P#2 Approve Report of Certificated Personnel Actions

End of Consent Calendar:

Motion: _____
Second: _____
Vote: _____

Board comments on Consent Calendar:

Business and Finance #1

Information

Review MVROP Fiscal Update

Business and Finance #2

Information/Presentation/Action

Review and Accept Audit Report from Vavrinek, Trine, Day & Co.
for the Fiscal Year 2014/2015

Motion: _____
Second: _____
Vote: _____

Board Requests

Meeting adjourned: _____pm



Communication

James Logan students win California title in science contest

Updated: 12/16/2015 11:55:01 AM PST

MercuryNews.com

James Logan students win California title in science contest

A team from James Logan High School in Union City, working through Mission Valley ROP in Fremont, has been named the California winner of the Samsung Solve for Tomorrow Contest.

The team beat five others for the state title. The team will receive \$20,000 in technology tools to enable it to create a video of its project.

In the next stage of competition, to become one of 15 national finalists, the team will build its proposed solution to the problem of using fossil fuels to charge electric cars. Students will construct an electric-vehicle solar charging station on campus and conduct community education on the benefits of solar energy.

The team was overseen by teacher Ebadut Mohamed.



MISSION VALLEY ROP
5019 STEVENSON BLVD.
FREMONT, CA 94538

MVROP Reflections

VOLUME II, ISSUE I

FALL 2015

SPECIAL POINTS OF INTEREST:

- ROP provides career exploration
- ROP provides increased opportunities
- ROP provides employability skills
- ROP connects academics to the real world
- ROP is for everyone

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Automotive Technology Students Samsung CA Winners



It is official. Students in the MVROP Automotive Technology program at the James Logan High School location have been named the California state winners of the Samsung “Solve for Tomorrow” Contest. Samsung and its partners challenged instructors and their students to address a key academic challenge in our country: to increase the pursuit of Science, Technology, Engineering, and Math (STEM) education. The contest required students to illustrate the power of applying that knowledge to solve practical, real-world issues affecting their community.

The MVROP Automotive Technology program and its students brought to light that while Electric Vehicle (EV) and Plug in Hybrid Vehicle (PHEV) sales are booming in California, this technology creates a new problem. EV’s and PHEV’s do not create emissions while in use, but the electricity used to charge these vehicles primarily is derived from a dependency on fossil fuels for its creation, therefore having a negative impact on the environment and in our community. The proposed solution? Students would design a solar array and solar charging station using CAD software, then build and construct a full-size working solar charging station to charge all EV’s, including the class EV that is currently being built. This particular solar charging station would not be grid-tied, thus creating its own electricity from the sun and the ability to provide EV’s and PHEV’s with its daily charging needs. The EV solar charging station will be 100% sustainable and will serve as a 100% renewable energy source. When reflecting on the challenge ahead in the next phase of this national contest and why he entered his students, MVROP instructor Eba Mohamed grins and states, “Knowing what my students will face in the job market of tomorrow, I just wanted to give them the best experience possible.”

This unique vision of improving their local community and fostering STEM education in school, first landed the program as one of the five state finalists for California out of 4,100 applicants, earning them two Samsung Galaxy Tabs for their classroom. Now as the California state winner, MVROP instructor Eba Mohamed and students are the recipients of a minimum of \$20,000 in Samsung technology benefiting their program, a Samsung laptop, Galaxy Camera, and Adobe software which will be used to create a three minute contest video. This video will document the design and construction of their solar charging station and will be submitted to Samsung for judging in the national portion of the contest.

MVROP Alumni Newest UCPD Cadet Hires



When students and their parents evaluate the various classes available to them, the question of “how can Career Technical Education (CTE) make a difference in my future career goals?” is often asked. The benefits of hands-on learning, knowledgeable instructional staff with Industry experience, and direct interaction with professionals within those career paths sounds intriguing, and impressive, in its own right. However, the real cause and effect is even more obvious when we learn that our student alumni continue to pursue their desired career paths to build on the skills they have learned in MVROP classrooms. It is with great pleasure we share the latest in alumni success. We wish to congratulate the newest Union City Police Department Cadets, Ashley Torres and Giovanni Graham. Both Ms. Torres and Mr. Graham are proud MVROP alumni from the Law Enforcement Program. Ms. Torres was enrolled in the program from 2011-2012 and was a Volunteer Police Explorer for four years, while Mr. Graham attended the program team Instructed by Sgt. Rodriguez in 2013-2014 and also served as a Volunteer Police Explorer for two and a half years.

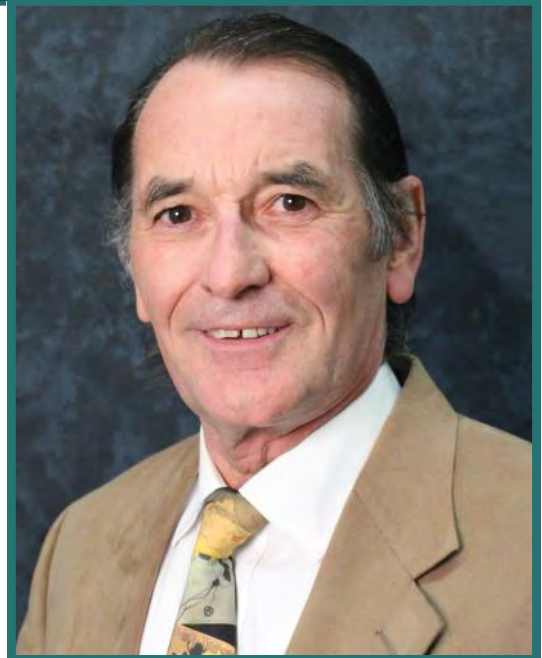


Chef Le Biavant Named 2015 Teacher of the Year

Often certain courses on a campus are widely popular amongst students to the point where enrollment becomes a highly competitive and first come, first served process. Outside of the subject matter, MVROP recognizes the critical role instructors play not only in the classroom, but as representatives of CTE in the partnering high schools where our programs serve students of the Tri-City area. A classic example of this is MVROP Culinary Arts Program instructor Chef Herve Le Biavant.

It is very common to hear students smile and yell out, “Hi Chef” when they see him handing out baked goods at promotional program events on the James Logan High campus. Is it the heavy French accent? Is it the passion and attention Chef Herve puts into his lessons, ensuring students not only understand the subject matter, but embrace the skills they learn? Or could it be the simple fact that he is always smiling? In reality, it is all these, plus many more fun facts, and countless years of Culinary Arts experience that make this kitchen veteran a culinary rock star.

Chef Herve mastered his culinary prowess in France at the College des Freres and then went on to work his way to the title of Executive Chef. He worked for many high-end establishments, including the Fairmont Hotel. If you ask him why he chose to make the move from kitchen to the classroom, Chef Herve simply states, “It is one of the most difficult and most rewarding professions in the world. Education helps to empower youth when they realize they are capable of meeting the challenges they did not think were possible.” He adds, “The best reward is to see my students learn by doing. When they enjoy the learning experience, have fun at the same time, and then go on to succeed by going beyond the classroom to practice their skills, I know I have done my job.” We could not agree more and are honored to recognize Chef Herve Le Biavant as the 2015 MVROP Teacher of the Year.



Students Connect to the Community



Business Donations Support MVROP

MVROP programs and students benefited greatly from our valued business and industry donations. They make all the difference when student projects and events need that special industry know-how and technology. MVROP applauds the following businesses for supporting CTE:

TGIF AutoBody– for sponsoring students to participate in the Toys for Tots Model Competition and Fundraiser

The Dealer– for their donation of a 2005 Acura RSX

Curtis Instruments for their donation of the following: Curtis Controller, Engage VII, Pedal, DC/DC Converter and Programmable Software Tool

HPEVS– for their donation of an AC-50 Electric Motor

Arlon-Carbon Fiber Vinyl Wrap

LKQ Corporation– for their donation of a Manual Transmission, Shifter & Cables and Center Console

Zip Bit Inc.– for their donation of 3D Scanning

EV Solar Charging Station Donations

MK Battery– for their donation of 8 x MK Deka AGM Solar Batteries



Mission Valley ROP
5019 Stevenson Blvd.
Fremont, CA 94538
Phone: 510-657-1865
Fax: 510-438-0378

FOR MORE INFORMATION ABOUT MVROP
GO TO
WWW.MVROP.ORG
OR LIKE AND FOLLOW US ON



Instagram



facebook

Thank you for supporting MVROP
Leader in Career Technical Education!

MVROP Center Campus Events



MVROP's mission to provide relevant career technical education by preparing students for employment and college through industry standard tools, training, and experience can only be successful if the community knows about the state-of-the-art programming available to them. What better way to get the word out than to open our doors to bring the community directly into the classrooms? MVROP hosted its Back to School event in October and our Fall Advisory Meeting in November. Interested in coming to tour the campus and talk to instructors? Our next community event for students and families for pre-registration at the ROP Center Campus is in late January! For more information go to www.mvrop.org.



Automotive Technology students named state winners



SUBMITTED BY ALLISON ALDINGER

Students in the Mission Valley ROP (MVRP) Automotive Technology program at James Logan High School have been named California state winners of Samsung's "Solve for Tomorrow" contest. Samsung and its partners challenged instructors and their students to address a key academic challenge in our country: to increase the pursuit of Science, Technology, Engineering, and Math (STEM) education. The contest required students to illustrate the power of applying that knowledge to solve practical, real-world issues affecting their community.

The MVRP Automotive Technology program and its students brought to light that while Electric Vehicle (EV) and Plug

in Hybrid Vehicle (PHEV) sales are booming in California, this technology creates a new problem. EV's and PHEV's do not create emissions while in use, but the electricity used to charge these vehicles primarily is derived from a dependency on fossil fuels for its creation, therefore having a negative impact on the environment and in our community.

Students would design a solar array and solar charging station using CAD software, then build and construct a full-size working solar charging station to charge all EV's, including the class EV currently being built. This particular solar charging station would not be grid-tied, thus creating its own electricity from the sun and the ability to provide EV's and PHEV's with its daily charging needs. The EV solar charging station will be 100 percent sus-

tainable and will serve as a 100 percent renewable energy source.

Now as state winner, MVRP instructor Elba Mohamed and students are the recipients of a minimum of \$20,000 in Samsung technology benefiting their program: a Samsung laptop, Galaxy camera, and Adobe software, which will be used to create a three-minute contest video. This video will document the design and construction of their solar charging station and will be submitted to Samsung for judging in the national portion of the contest.

Automotive Technology I student Ariel enjoys being part of Mohamed's class and says, "I really love it. It's really helping in life just learning about what's inside the engine and how everything goes in order of how the car works." In preparation for the contest, Ariel shares, "As of right now,

we are learning about how the solar panels work, how to align them in arrays and getting all the electrical wires together."

Daniel and Alexis are part of Mohamed's Automotive Technology II class and are looking to apply their acquired skills in the hopes of becoming an automotive engineer and opening a car shop respectively. Daniel shares, "In Automotive I, I learned the basics of automotive. I have a car, so I learned how to do things on my car. I don't have to rely on anyone else. Now, I can fix the cars in my house instead of my parents taking them to the shop." Alexis adds, "Now we're learning more advanced things, so whenever my dad needs help with something, I just work on cars with him."

For more information, visit www.samsung.com/us/solvefortomorrow/finalists.



Consent Calendar



Minutes

**Regular Meeting of the Governing Council
Mission Valley Regional Occupational Center/ Program
Wednesday, December 16, 2015**

Member Thomas called the meeting to order at 4:01 pm.

Present:

Nancy Thomas, President
Jonas Dino, Vice President
Larry Sweeney, Clerk
Ray Rodriguez, NUSD Alternate

Approval of Agenda:

Member Dino made a motion to approve all items on the December agenda. Member Sweeney made a second to approve the motion. Members voted 3-0 to approve all items on the December agenda.

Communication:

a. Items from Staff:

Superintendent Hanson shared:

MVROP continues to work to find the right candidate for the Program Coordinator position vacancy. There is a second round of candidates scheduled to be interviewed in early January.

MVROP is currently planning an industry visit between students and Seagate. This is a valuable partnership which supports STEM efforts and programming when staff enter classrooms to connect with students. A pre-written script will be provided to aid visitors ensuring a successful interaction. Once Seagate moves into their new building, student tours will be scheduled.

The WASC Chairperson for MVROP's evaluation, Ms Heartly, visited the MVROP campus. She was very impressed. All drafts for the WASC final report are on schedule and nearly complete.

c. Written Communication:

MVROP PR Administrator, Allison Aldinger, shared the following items with the Governing Council:

- *Back to School Night Event Announcement*
- *MVROP Fall 2015 CTE Advisory Meeting Announcement*

c. Items from the Board:

Member Dino shared NHUSD would be renaming Alvarado Middle School on December 18, 2015.

Member Thomas shared NUSD Superintendent Marken has announced his intention to retire. Member Thomas will continue to be the MVROP designate for the MVROP Governing Council, with Member Rodriguez serving as alternate.

- d. Public Comment:**
None

Consent Calendar:

Member Sweeney pulled B&F items #8-13 for discussion.

Member Sweeney made a motion to approve the November 2015 Governing Council Meeting Minutes. Member Dino made a second to approve the motion. Members voted 3-0 to approve the November 2015 Governing Council Meeting Minutes.

Member Sweeney made a motion to approve B&F items #1-7 and E&P items #1-2 in the Consent Calendar. Member Dino made a second to approve the motion. Members voted 3-0 to approve B&F items #1-7 and E&P items #1-2 in the Consent Calendar.

B&F items #8-13 were discussed. MVROP Administrative staff answered all Governing Council inquiries regarding the MOU's between FUSD Junior High Schools and MVROP for PLTW programming. Clarification on the MOU between San Diego Superintendent of Schools (the County) and MVROP was provided by MVROP Director of Business Services, Joyce Veasley.

Member Sweeney made a motion to approve B&F items #8-13 in the Consent Calendar. Member Dino made a second to approve the motion. Members voted 3-0 to approve B&F items #8-13 in the Consent Calendar.

Communication Continued:

b. Oral Communication:

(Item was deferred to take place later in meeting)

MVROP Superintendent Thomas Hanson gave a presentation regarding the CTE Incentive Grant (CTEIG) for the Governing Council.

Business and Finance #1

Review Budget Modification Plan

MVROP Superintendent Hanson, reviewed Business and Finance Item #1 and answered subsequent Board inquiries regarding the item.

This item is information only.

Business and Finance #2

**Review and Approve Certification
of First Interim Financial Report**

MVROP Director of Business Services, Joyce Veasley, reviewed Business and Finance #2 and answered subsequent Board inquiries regarding the MVROP First Interim Financial Report.

Member Dino made a motion to approve Business and Finance #2, Review and Approve MVROP First Interim Financial Report. Member Rodriguez made a second to approve the motion. Members voted 3-0 to approve Business and Finance #2, Review and Approve MVROP First Interim Financial Report.

Board of Education #1

Review and Approve Variable Term Waiver Requests

MVROP Director of Business Services, Joyce Veasley, reviewed Board of Education #1 and answered subsequent Board inquiries regarding the variable Term Waiver Requests.

Member Sweeney made a motion to approve Board of Education #1, Review and Approve Variable Term Waiver Requests. Member Dino made a second to approve the motion. Members voted 3-0 to approve Board of Education #1, Review and Approve Variable Term Waiver Requests.

Board of Education #2

Review and Approve Spring 2016 MVROP Governing Council Meeting Dates

MVROP PR Administrator Allison Aldinger, reviewed Board of Education #2 and answered subsequent Board inquiries regarding the Spring 2016 Governing Council Meeting Dates. It was requested for the January Governing Council meeting date be changed to January 20, 2016 due to staff scheduling conflicts. The Governing Council accepted the change.

Member Dino made a motion to approve Board of Education #2, Review and Approve Spring 2016 Governing Council Meeting Dates. Member Sweeney made a second to approve the motion. Members voted 3-0 to approve Board of Education #2, Review and Approve Spring 2016 Governing Council Meeting Dates.

Board Requests:

Member Thomas suggested MVROP invite Governing Council members, or a designate from the Council, to attend the MVROP PLTW Consortium meetings.

Member Thomas requested for any Superintendent contract changes to be discussed in closed session first, and then added as an open session meeting item.

The meeting was adjourned at 5:32 p.m.

Nancy Thomas, President

Jonas Dino, Vice President

Larry Sweeney, Clerk



Business and Finance

MISSION VALLEY ROP
PURCHASE ORDER REPORT
PURCHASE ORDERS OVER \$5,000
BOARD MEETING - JANUARY 20, 2015
PO PERIOD: DECEMBER 5, 2015 - JANUARY 12, 2016
AGENDA ITEM - B&F #1

PO			
NUMBER	VENDOR NAME & ACCOUNT CODE	DESCRIPTION	AMOUNT
163583	Data Net IT	Security Cameras	\$ 16,298.13
	81-0635-0-0000-7701-4315-660-6005		
	81-0635-0-0000-7701-4420-660-6005		
	81-0635-0-0000-7701-5830-660-6005		
163585	D and D Compressor	Maintenance	\$ 7,339.09
	81-0635-0-6701-1001-5675-660-6998		
	81-0635-0-6703-1001-5675-660-6998		
163895	Amazon.com	Materials/Supplies	\$ 6,091.49
	81-0635-0-6110-1001-4310-667-6998		

Mission Valley ROP
Warrants \$5,000 and above
From 12/5/15 to 1/12/16
Fiscal Year 15/16

B&F #2
January 20, 2016

Date	Warrant #	Vendor	Purpose	Amount	PO number
12/08/15	50659795	PG&E	Monthly Electricity	\$ 12,869.75	
12/16/15	50660632	State of CA - PERS	Monthly Premiums	8209.58	
01/05/16	50660645	Project Lead the Way	Instructional Supplies, PLTW Center, Cornils	\$ 5,851.69	163465
01/12/16	50661002	PG&E	Monthly Electricity	\$ 10,132.39	
01/12/16	50661007	Sigmanet Academy	Network Equip for ICT class @ Irvington HS	\$ 5,255.66	163528
01/12/16	50661013	Vavrinek, Trine, Day	14/15 Audit	\$ 16,200.00	155397

<u> </u>	Information
<u> X </u>	Action
<u> </u>	Presentation

**MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM
BOARD OF EDUCATION**

**A G E N D A I T E M
B&F #3**

DATE OF BOARD MEETING: January 20, 2016

TITLE: Adopt Resolution No. 4-1516
 Accept Donations to Mission Valley ROP

Background:

Education Code 635160 authorizes governing boards of any school district to initiate and carry on any program, activity or to act otherwise in any manner that is not in conflict with or inconsistent with or preempted by any law and that is not in conflict with the purpose for which school districts are established. Acceptance of gifts to the school district is within the permissive authority granted Boards of Education in the permissive code embodied in Education Code 35160.

Current Status:

<u>Donated to</u>	<u>Donated by</u>	<u>Item(s)</u>	<u>Value</u>
Fire Science	Novato Fire	Fire turnouts/gear	\$20,000
Fire Science	Judith Marovich	\$1000	\$ 1,000

Recommendation:

Staff recommends acceptance of the aforementioned donations to Mission Valley Regional Occupational Program.

<u>Joyce Veasley, 657-1865</u>	<u>ROP Center</u>	<u>Bus. Svcs. Thomas Hanson</u>
Staff Contact Person	Department	Division Superintendent

FOR MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

Karen Monroe
County Superintendent of Schools
313 West Winton Avenue
Hayward, CA 94544-1198

Fremont, California

Date: January 20, 2016

Pursuant to the provision of the Education Code Section 42600, we, the undersigned, constituting a majority of the members of the governing board of the above-named district, do hereby transmit this resolution requesting an increase in income of said school district for the following reasons:

Local Income - Donation

<hr/>		
INCOME APPROPRIATION	ACCOUNT NO.	AMOUNT
Local Income	81-0635-0-6602-0000-8699-660-0000	\$ 1,000
<hr/>		
EXPENDITURE APPROPRIATION	ACCOUNT NO.	AMOUNT
Fire Science	81-0635-0-6602-1001-4310-660-6998	\$ 1,000

Respectfully submitted,

Clerk of the Governing Council
Mission Valley ROP
Alameda County, State of California

_____ Request Approved

_____ Not Approved

Posted by:_____

☒ Information
☒ Action
☐ Presentation

**MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM
BOARD OF EDUCATION**

**AGENDA ITEM
B&F #4**

DATE OF BOARD MEETING: January 20, 2016

TITLE: Annual Organizational Meeting and Authorized Signatures
Resolution #05-1516 Signature Card - Board Members
Resolution #06-1516 Signature Card - Authorized Agents Payroll Warrants &
Disbursements

Background:

An annual organizational meeting of the Governing Council is required per Education Code 35143 and 35149. Ed Code 42632 requires that signatures of all governing board members and signatures of persons authorized by the governing board to sign orders must be filed with the County Superintendent of Schools. Government Code Sections 53050 and 53051 require a statement to be filed whenever there is a change in the officers or members of your governing board.

Current Status:

The following forms required by Alameda County of Education must be completed as part of the Annual Organizational meeting.

1. Notification to County Superintendent of Schools of Annual Organization Meeting Date and Time
2. Board Members' Signature Card, Authorized Signatures
3. Authorized Agents' Signature Card for Payroll Warrants and Disbursements

Recommendation:

Staff recommends approval of Resolution #05-1516 Signature Card for Board Members, Resolutions #06-1516 Authorized Agents for Payroll Warrants and Disbursements, and required forms for the Annual Organizational meeting.

Joyce Veasley , 657-1865 X15145	ROP Center	Business Services	Thomas Hanson
Staff/Contact Person	Location	Division	Superintendent



**ALAMEDA COUNTY
OFFICE OF EDUCATION**
L. Karen Monroe, Superintendent

**Notification to County Superintendent of Schools of
Annual Organizational Meeting Date and Time**

To: L. Karen Monroe, County Superintendent of Schools

**You are hereby notified, in accordance with Education Code 35143, that the
Annual Organization Meeting of the:**

Mission Valley ROP School District of Alameda County

Will be held on:

Month/Day/Year 01/20/2016 at _____ a.m. 4:00 p.m.

01/20/2016

Date

Clerk/Secretary of the Governing Board

**Please return this completed form to Annette Brown, Alameda County Office of
Education, 313 W. Winton Avenue, Room 348, Hayward, CA 94544-1198. If you have
any questions, please call (510) 670-4275.**

MISSION VALLEY ROP SCHOOL DISTRICT

SIGNATURE CARD - BOARD MEMBERS

RESOLUTION NO. 05-1516 , For Fiscal Year: 2015-16

TO THE ALAMEDA COUNTY SUPERINTENDENT OF SCHOOLS:

WHEREAS, pursuant to Education Code Section 42632 for K-12 Education and Section 85232 for Community Colleges, each order drawn on the funds of a school district shall be signed by at least a majority of the members of the Governing Board of the district, or by a person or persons authorized by the Governing Board to sign orders in its name; and

WHEREAS, the Governing Board of each school district shall be responsible for filing such signatures with the County Office of Education per Education Code Section 42633; and

WHEREAS, this resolution supersedes all previous resolutions representing signatures of the Governing Board, and declares said prior resolutions null and void;

NOW, THEREFORE BE IT RESOLVED that the following signatures are those of each member presently serving on the Governing Board:

1. _____ Signature	_____ Nancy Thomas Type Name
2. _____ Signature	_____ Jonas Dino Type Name
3. _____ Signature	_____ Larry Sweeney Type Name

PASSED AND ADOPTED by the Governing Board of the Mission Valley ROP
on this 20th day of January , 2016 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTENTIONS: _____

By approval of this resolution, I hereby certify that the signatures appearing above are true and were affixed in my presence.

Date

Signature, President of the Governing Board

- ☐ All Board signers or authorized agents remain unchanged from the prior fiscal year. Please consider the resolution from FY _____ as our current list of signers. (no need to go before board for a new resolution)

Date

Signature, President of the Governing Board

MISSION VALLEY ROP

**SIGNATURE CARD - AUTHORIZED AGENTS
PAYROLL WARRANTS & DISBURSEMENTS**

RESOLUTION NO. #06-1516, For Fiscal Year: **2015-16**

TO THE ALAMEDA COUNTY SUPERINTENDENT OF SCHOOLS:

WHEREAS, pursuant to Education Code Section 42632 for K-12 Education and Section 85232 for Community Colleges, each order drawn on the funds of a school district shall be signed by at least a majority of the members of the Governing Board of the district, or by a person or persons authorized by the Governing Board to sign orders in its name; and

WHEREAS, the Governing Board of each school district shall be responsible for filing such signatures with the County Office of Education per Education Code Section 42633; and

WHEREAS, this resolution supersedes all previous resolutions authorizing such signature(s) on behalf of the Governing Board, and declares said prior resolutions null and void;

NOW, THEREFORE BE IT RESOLVED that the Governing Board of the Mission Valley ROP authorizes and empowers the following person(s) to sign orders in its name effective as of the date of this resolution:

1. _____
Signature

Superintendent
Title
Thomas Hanson
Type Name
2. _____
Signature

Director of Business Services
Title
Joyce Veasley
Type Name

PASSED AND ADOPTED by the Governing Board of the Mission Valley ROP on this 20 th day of January 2016, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTENTIONS: _____

By approval of this resolution, I hereby certify that the signature(s) appearing above are true and were affixed in my presence.

Date

Signature, Clerk of the Governing Board



Employment & Personnel

**MISSION VALLEY REGIONAL OCCUPATIONAL CENTER/PROGRAM
GOVERNING COUNCIL**

AGENDA ITEM

_____ Information

Date: January 20, 2016

_____ **X** _____ Action

Title: REPORT OF CLASSIFIED PERSONNEL ACTIONS

Background:

The Governing Council has delegated authority to the ROP staff to take certain actions on its behalf related to Classified Personnel activities such as appointments, changes of status, resignations, requests for leaves, and retirements.

ROP staff are authorized to take personnel actions in the interest of operational necessity. Following those actions, staff reports to the Governing Council and recommends they approve prior actions.

Current Status:

A report of Classified Personnel actions is submitted, recommending approval of prior actions taken by ROP staff.

Recommendation:

Approve Classified Personnel recommendations for: *Change in Position.*

**Joyce Veasley
Staff Contact**

**ROP Center
Location**

**Administration
Division**

**Thomas Hanson
Superintendent**

CONSENT ITEMS
MISSION VALLEY ROP

Classified Personnel

Change in Position

NAME	POSITION	HOURS	SUPERVISOR	EFFECTIVE DATE	OTHER
Luke Robertson	Information Technology Manager	8 hrs/day	Cliff Adams-Hart	2/1/16	Computer Repair Specialist

(con5Jan15.16)

**MISSION VALLEY REGIONAL OCCUPATIONAL CENTER/PROGRAM
GOVERNING COUNCIL**

AGENDA ITEM

_____ Information

Date: January 20, 2016

_____ X _____ Action

Title: REPORT OF CERTIFICATED PERSONNEL ACTIONS

Background:

The Governing Council has delegated authority to the ROP staff to take certain actions on its behalf related to Classified Personnel activities such as appointments, changes of status, resignations, requests for leaves, and retirements.

ROP staff are authorized to take personnel actions in the interest of operational necessity. Following those actions, staff reports to the Governing Council and recommends they approve prior actions.

Current Status:

A report of Certificated Personnel actions is submitted, recommending approval of prior actions taken by ROP staff.

Recommendation:

Approve Certificated Personnel recommendations for: *Return From Leave of Absence.*

Cliff Adams-Hart
Staff Contact

ROP Center
Location

Administration
Division

Thomas Hanson
Superintendent

CONSENT ITEMS
MISSION VALLEY ROP

Certificated Personnel

Return from Leave of Absence

NAME	HOURS PER DAY	DEPARTMENT	SUPERVISOR	EFFECTIVE DATE	OTHER
Steve Bui	6 hr	Building & Construction Trades	Jacki Sprague	1/4/16	Paternity Leave

(con6Jan15.16)



End of Consent



Business and Finance



Business and Finance #1

<u> X </u>	Information
<u> </u>	Action
<u> </u>	Presentation

**MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM
BOARD OF EDUCATION**

**AGENDA ITEM
Business & Finance #1**

DATE OF BOARD MEETING: January 20, 2016

TITLE: Review MVROP Fiscal Update

Background:

The Governor's proposed State Budget for 2016-17 was released on January 7, 2016 and reflects continued gains for K-12 school districts including \$1.2 billion in discretionary one-time Proposition 98 funding. In addition, the Career Technical Education Incentive Grant (CTEIG) is an integral part of the budget. The grant application is a two-step process, with step 1 resulting in nearly 3.4 million dollar maximum allocation for MVROP and JPA districts. The deadline for submitting part 2 of the CTEIG application is January 19, 2016. We hope to be granted our entire allocation based on our application. It has been planned that in each year CTEIG grantees will have to re-apply each spring after they have submitted an end-of-year report on progress and expenditures.

Current Status:

The State Budget provided no significant changes effecting Mission Valley ROP. Although the 2013 maintenance of effort (MOE) is no longer mandated, district/s have verbally mentioned plans to continue to fund at current levels based on current budgets in out years. No Joint Power Agreement (JPA) boards have voted on a funding extension for 2016-2017 yet. We intend to forward a three-year funding request to JPA's in the coming weeks. This timeline will match the CTEIG program period.

Recommendation:

None

Joyce Veasley	Business Services	Thomas Hanson
Staff Contact	Division	Superintendent, Mission Valley ROP



Business and Finance #2

X Information
 X Action
 X Presentation

**MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM
BOARD OF EDUCATION**

**AGENDA ITEM
Business & Finance #2**

DATE OF BOARD MEETING: January 20, 2016

TITLE: Review and Accept Audit Report from Vavrinek, Trine, Day & Company, LLP for Fiscal Year 2014/2015

Background:

Each year the District is required to have an independent audit by an outside auditor

Current Status:

A copy of the fiscal year ended June 30, 2015 audit report by Vavrinek, Trine, Day & Company, LLP is enclosed for review. There were no findings for 2014/2015 to implement.

Recommendation:

Staff recommends approval of the 2014/2015 fiscal year ended June 30, 2015 audit report for Mission Valley Regional Occupational Program.

Joyce Veasley , 657-1865 x3008	ROP Center	Business Services	Thomas Hanson
Staff/Contact Person	Location	Division	Superintendent



To the Governing Board of
Mission Valley Regional Occupational Program

We have audited the financial statements of the governmental activities and each major fund of Mission Valley Regional Occupational Program for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information previously in our letter to you dated January 28, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mission Valley Regional Occupational Program are described in Note 1 to the financial statements. The ROP adopted GASB 68 and 71, Accounting and Financial Reporting for Pensions during the year ended June 30, 2015. We noted no transactions entered into by Mission Valley Regional Occupational Program during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the calculation of Other Post Employment Benefits (OPEB) and pension liabilities.

Management's estimate of the pension and OPEB liabilities are based on actuarial studies performed for the ROP. We evaluated the key factors and assumptions used to develop the pension and OPEB liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There was no sensitive disclosure affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Mission Valley Regional Occupational Program's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Mission Valley Regional Occupational Program's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Governing Board, the California Department of Education, the State Controller's Office, and management of Mission Valley Regional Occupational Program and is not intended to be, and should not be, used by anyone other than these specified parties.

Vaurine K. Ture, Day & Co LLP

Pleasanton, California
December 15, 2015

**MISSION VALLEY REGIONAL
OCCUPATIONAL PROGRAM**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2015**

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Mission Valley Regional Occupational Program
Fremont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Mission Valley Regional Occupational Program as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the ROP'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; and *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. 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 ROP'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 ROP's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 1 and 14 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mission Valley Regional Occupational Program's basic financial statements. The accompanying other supplementary information as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the Mission Valley Regional Occupational Program'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 Mission Valley Regional Occupational Program's internal control over financial reporting and compliance.

VaurineK, Ture, Day & Co LLP

Pleasanton, California
December 15, 2015



Mission Valley ROP

CAREER TECHNICAL TRAINING CENTER

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

This section of Mission Valley Regional Occupational Program's (ROP) annual financial report presents our discussion and analysis of the ROP's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the ROP's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Mission Valley Regional Occupational Program (the ROP) using the integrated approach as prescribed by GASB Statement Number 34.

The Government-Wide Financial Statements present the financial picture of the ROP from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the ROP (including capital assets) as well as all liabilities (including long-term debt).

The Fund Financial Statements include statements for each of the two categories of activities: governmental and fiduciary.

The Governmental Activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The Fiduciary Activities are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

FINANCIAL HIGHLIGHTS OF 2014-15

Total revenue and income received for the General fund in 2014-15 was \$7,638,491, excluding on-behalf payment of \$180,221. Mission Valley ROP received 91% of its revenue from pass through of Local Control Funding Formula from member districts. The remaining 9% came from Lottery, Registration Fees, Staff Development, Direct Support Professional Training (DSPT) Program, and interest income. The ROP established a County School Facilities Fund in 2009-10 to account for new construction activities.

Mission Valley Regional Occupational Program reported a final ADA of 1,243 which was 75 less than the prior year. Total ADA represents 99% high school ADA and 1% adult ADA.

Mission Valley Regional Occupational Program employees received a 2% cost of living increase to salaries.

The ending General fund balance was \$8,018,673, an increase of \$575,701 over last year. Components of the ending fund balance include reserves for economic uncertainties, equipment replacement, facilities repairs and improvements, lottery carryover, and reserves for post-employment benefits. The reserve for economic uncertainties was 30.8% of expenditures which is above the State required minimum of 3%.

REPORTING THE ROP AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the ROP as a whole and about its activities. These statements include all assets and liabilities of the ROP using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the ROP's net position and changes in it. Net position is the difference between assets and liabilities, one way to measure the ROP's financial health, or financial position. Over time, increases or decreases in the ROP's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the ROP's base revenue limit (the amount paid by the state for each unit of attendance) and ADA (average daily attendance).

The difference between revenues and expenses is the ROP's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the ROP. The quality of the education and the safety of our schools are also important components in this evaluation.

In the Statement of Net Position and the Statement of Activities, all of the ROP activities are reported as governmental activities:

Governmental activities – All of the ROP's services are reported in this category. This includes the education of high school juniors and seniors (or students who have reached the age of 16, with certain exceptions), and adult students, and the ongoing effort to improve and maintain buildings and sites. The ROP leases the new center at the Stevenson site but owns seven modular buildings adjacent to the building. Revenue Limit income, fees for adults, interest income, federal, state and local grants finance these activities.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the General and County School Facilities funds.

Governmental fund - All of the ROP's basic services are reported in the general fund. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the ROP's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the ROP's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE ROP AS TRUSTEE

Reporting the ROP's Fiduciary Responsibilities

The ROP is the trustee, or fiduciary, for funds held on behalf of others, like funds for associated student body activities. The ROP's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the ROP's other financial statements because the ROP cannot use these assets to finance its operations. The ROP is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

THE ROP AS A WHOLE

Net Position

The ROP's net position was \$7,171,631 and \$7,013,690 for the fiscal years ended June 30, 2015 and 2014, respectively. Of these amounts, \$1,863,518 and \$1,436,194 were unrestricted for each respective year. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. The analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the ROP's governmental activities.

Table 1

	Governmental Activities	
	2015	Restated 2014
Current and other assets	\$ 8,203,745	\$ 7,584,366
Capital assets	4,947,260	5,272,312
Total Assets	13,151,005	12,856,678
Deferred Outflows of Resources	320,605	332,696
Current liabilities	183,886	140,212
Long-term debt	4,890,303	6,035,472
Total Liabilities	5,074,189	6,175,684
Deferred Inflows of Resources	1,225,790	-
Net position		
Net investment in capital assets	4,943,898	5,265,067
Restricted		
Restricted	364,215	312,429
Unrestricted	1,863,518	1,436,194
Total Net Position	\$ 7,171,631	\$ 7,013,690

The \$1,863,518 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Changes in Net Position

The results of this year's operations for the ROP as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2015	2014
Revenues		
Program revenues		
Operating and capital grants and contributions	\$ 147,287	\$ 140,788
Capital grants and contributions		
General revenues:		
Other general revenues	7,671,429	7,259,879
Total Revenues	7,818,716	7,400,667
Expenses		
Instruction	4,475,309	4,020,933
Instruction related activities	939,110	1,013,175
Pupil services	219,664	192,949
General administration	904,467	848,321
Plant services and other	1,122,225	789,445
Total Expenses	7,660,775	6,864,823
Change in Net Position	\$ 157,941	\$ 535,844

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities for 2015 was \$7,660,775 and \$6,864,823 for 2014. However, the amount that the taxpayers ultimately financed for these activities was \$7,671,429 for 2015 and \$7,259,879 for 2014 because the cost was covered by other governments and organizations who subsidized certain programs with grants and contributions (\$147,287 and \$140,788 for 2015 and 2014). We paid for the remaining "public benefit" portion of our governmental activities with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the ROP's five largest functions – instruction, instruction related activities, pupil services, general administration, and plant services. Net cost shows the financial burden that was placed on the ROP's taxpayers after operating grants and contributions as well as charges for services by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Table 3

	Net (Cost) Surplus of Services	
	2015	2014
Instruction	\$ 4,339,240	\$ 3,885,218
Instruction related activities	927,892	1,008,102
Pupil Services	219,664	192,949
General administration	904,467	848,321
Plant Services and other	1,121,686	789,445
Maintenance and operations	539	-
Total	\$ 7,513,488	\$ 6,724,035

THE ROP'S FUNDS

As the ROP completed this year, our governmental funds reported a combined fund balance of \$8,019,859 which is an increase of \$575,705 over last year. The primary reason for the increase is the allocation of excess property tax/local income.

General Fund Budgetary Highlights

Over the course of the year, the ROP revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the 2014-15 budget was adopted in September 2015. (A schedule showing the ROP's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 52.)

- Significant revenue revisions made to the 2014-15 budget were due to donations and local income. Actual revenues increased by \$247,067 over the final budget due mostly to the inclusion of STRS on behalf contributions of \$180,221 that was not included in budget.
- Revenue increases allowed Mission Valley ROP to support instructional programs.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the ROP had \$4,947,260 in a broad range of capital assets, including building and improvements, furniture and equipment, vehicles, net of accumulated depreciation. This amount represents a net decrease (including additions, deductions and depreciation) of \$325,052 over last year.

Table 5

	Governmental Activities	
	2015	2014
Construction in Progress	\$ 81,480	\$ 4,786,253
Buildings and Improvements	5,428,154	711,147
Furniture and Equipment	582,229	576,589
Total Assets	6,091,863	6,073,989
Less Total Accumulated Depreciation	1,144,603	801,677
Total Assets after Depreciation	\$ 4,947,260	\$ 5,272,312

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligation

At the end of this year, the ROP had \$4,890,303 in current year long term obligations, a decrease of \$1,145,469 over last year. We present more detailed information regarding our long-term liabilities in Note 6 of the financial statements.

Table 6

	Governmental Activities	
	2015	Restated 2014
Capital leases	\$ 3,362	\$ 7,245
Accumulated Vacation - net	92,148	109,427
Net pension liability	4,546,946	5,709,136
Net OPEB Obligation	247,847	209,664
Totals	\$ 4,890,303	\$ 6,035,472

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-15 ARE NOTED BELOW:

Mission Valley Regional Occupational Program's 2014-15 budget supported various programs in career technical education and training. Total general fund expenditures for the year were \$7,243,011, including on-behalf payment of \$180,221. Mission Valley Regional Occupational Program spent 70% of its budget on instructional programs and instruction related services. Salaries and benefits represent 64% of total expenditures which include payroll reimbursements to Fremont, Newark and New Haven Unified School Districts.

2014-15 HIGHLIGHTS

MVROP highlights of the 2014-15 School Year include:

- Staff Development for all Certificated, Classified and Management staff
- Fall Open House
- Participation in Alameda County Teacher of the Year Program
- Spring Car Show at Washington High School highlighting work from the Auto Technology and Auto Body Painting/Refinishing programs
- Career Fairs and ROP Presentations at High Schools
- Law Enforcement and Fire Science Training Simulation Event
- Kennedy Sophomore Tours
- Educators' Brunch
- Student of the Year event at Marriott
- Mission College Articulation Day and Tri-Cities College Night at Ohlone College
- Student Certifications and Graduation in CNA Program

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the ROP Budget for the 2015-2016 fiscal year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Calculated based on the governor's budget of hold harmless for two years as ROP was folded into the LCFF.
2. State income will remain stable.
3. Lottery income based on \$156 per 2007-08 ADA.

Expenditures are based on the following forecasts:

1. STRS and CalPERS corresponding increases
2. Salaries and benefits include only step and column increases.

CONTACTING THE ROP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the ROP's finances and to show the ROP's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Director of Business Services, at the Mission Valley Regional Occupational Program 5019 Stevenson Blvd, Fremont, CA 94538, or e-mail at jveasley@mvrop.org.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

STATEMENT OF NET POSITION JUNE 30, 2015

	Governmental Activities
Assets	
Deposits and investments	\$ 6,907,592
Receivables	1,273,953
Prepaid expenses	22,200
Capital assets, not depreciated	81,480
Capital assets, being depreciated	6,010,383
Less: Accumulated depreciation	(1,144,603)
Total Assets	13,151,005
 DEFERRED OUTFLOWS OF RESOURCES	
Current year pension contribution	320,605
 Liabilities	
Accounts payable	183,886
Current portion of long-term obligations other than pensions	3,362
Noncurrent portion of long-term obligations other than pensions	339,995
Aggregate net pension liability	4,546,946
Total Liabilities	5,074,189
 DEFERRED INFLOWS OF RESOURCES	
Difference between projected and actual earnings on pension plan investments	1,225,790
 Net Position	
Investment in capital assets	4,943,898
Restricted for:	
Capital projects	1,186
Educational programs	363,029
Unrestricted	1,863,518
Total Net Position	\$ 7,171,631

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

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30 2015

	General Fund	Non-Major Fund County School Facilities Fund	Total Governmental Funds
ASSETS			
Deposits and investments	\$ 6,906,407	\$ 1,185	\$ 6,907,592
Receivables	1,273,952	1	1,273,953
Prepaid expenses	22,200	-	22,200
Total Assets	<u>\$ 8,202,559</u>	<u>\$ 1,186</u>	<u>\$ 8,203,745</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 183,886	\$ -	\$ 183,886
Total Liabilities	<u>183,886</u>	<u>-</u>	<u>183,886</u>
Fund Balances:			
Nonspendable	29,700	-	29,700
Restricted	363,029	1,186	364,215
Assigned	5,397,540	-	5,397,540
Unassigned	2,228,404	-	2,228,404
Total Fund Balances	<u>8,018,673</u>	<u>1,186</u>	<u>8,019,859</u>
Total Liabilities and Fund Balance	<u>\$ 8,202,559</u>	<u>\$ 1,186</u>	<u>\$ 8,203,745</u>

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

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

Total Fund Balance - Governmental Funds		\$ 8,019,859
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 6,091,863	
Accumulated depreciation is	<u>(1,144,603)</u>	
		4,947,260
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		
		320,605
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		
		(1,225,790)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year end consists of:		
Capital leases payable	3,362	
Compensated absences (vacations)	92,148	
Net pension liability	4,546,946	
Net OPEB Obligation	<u>247,847</u>	
		(4,890,303)
Total Net Position - Governmental Activities		<u>\$ 7,171,631</u>

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Non-Major Fund County School Facilities Fund	Total Governmental Funds
REVENUES			
Other state sources	\$ 196,471	\$ -	\$ 196,471
Other local sources	7,622,241	4	7,622,245
Total Revenues	<u>7,818,712</u>	<u>4</u>	<u>7,818,716</u>
EXPENDITURES			
Current			
Instruction	4,214,299	-	4,214,299
Instruction related activities:			
Supervision of instruction	359,544	-	359,544
Instructional library, media and technology	105,865	-	105,865
School site administration	417,995	-	417,995
Pupil services:			
All other pupil services	206,555	-	206,555
General administration:			
Data processing	183,466	-	183,466
All other general administration	683,927	-	683,927
Plant services	1,032,730	-	1,032,730
Facility acquisition and construction	34,208	-	34,208
Debt service			
Principal	3,883	-	3,883
Interest and other	539	-	539
Total Expenditures	<u>7,243,011</u>	<u>-</u>	<u>7,243,011</u>
NET CHANGE IN FUND BALANCES	575,701	4	575,705
Fund Balance - Beginning	7,442,972	1,182	7,444,154
Fund Balance - Ending	<u>\$ 8,018,673</u>	<u>\$ 1,186</u>	<u>\$ 8,019,859</u>

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balance - Governmental Fund \$ 575,705
Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation expense	\$(342,926)	
Capital outlays	<u>17,874</u>	
		(325,052)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). At year-end, compensated absences used was more than amounts earned.

17,279

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

(75,691)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

3,883

In the Statement of Activities, unfunded annual required contribution (ARC) is recognized as an expense, but it not recognized in the governmental funds.

(38,183)

Change in Net Position of Governmental Activities

\$ 157,941

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	<u>\$ 14,470</u>
Total assets	<u><u>\$ 14,470</u></u>
LIABILITIES	
Due to student groups	<u>\$ 14,470</u>
Total liabilities	<u><u>\$ 14,470</u></u>

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Mission Valley Regional Occupational Program (the ROP) was formed in 1968 under the laws of the State of California. The ROP was formed by a joint powers agreement among the following Alameda County School District's: Fremont Unified School District, New Haven Unified School District and the Newark Unified School District. The purpose of the ROP is to provide career preparation and training to youths and adults residing in the district that formed the joint powers entity.

The ROP is funded through annual average daily attendance (ADA) as reported to the State of California (the State) through each participating district. The ROP has the responsibility to develop, oversee and evaluate the course material presented.

The ROP is governed by an appointed board and maintains its own paid operational staff. The board is comprised of one member selected by each participation district's governed board. The ROP is fiscally responsible for its own operation, major financing arrangements and contracts. Its significantly accounting policies, as detailed below, are the same as for any independent California local educational agency.

A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the ROP consists of all funds, departments, boards, and agencies that are not legally separate from the ROP. For Mission Valley ROP, this includes the General Fund and student related activities of the ROP.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The ROP's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the ROP's major governmental fund.

General Fund The General Fund is the chief operating fund for all local educational agencies (LEA). It is used to account for the ordinary operations of a LEA. All transactions except those accounted for in another fund are accounted for in this fund.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Non-Major Governmental Funds

Capital Project Funds The Capital Project funds are used to account for and report financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 10) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the ROP's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The ROP only has one fiduciary fund, which is an agency fund.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The ROP's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The ROP does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the ROP. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Fund Financial Statements Fund financial statements report detailed information about the ROP. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The ROP has only one major fund, the General Fund.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the ROP.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. For the ROP, available means expected to be received within 60 days of fiscal year-end. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statement.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Investments

Investments held at June 30, 2015, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair value of investments in county pool is determined by the program sponsor.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The ROP has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The ROP has chosen to report the expenditures in the benefiting period.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the ROP as a whole. The ROP maintains a capitalization threshold of \$5,000. The ROP does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds. However, in the government-wide statements they are capitalized and then depreciated to operations over their estimated service lives. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 10 to 25 years; furniture and equipment, 5 years; vehicles, 8 years.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the ROP's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The ROP reports deferred outflows of resources for the unamortized current year pension contributions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The ROP reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

Pensions

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

Fund Balances - Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the ROP. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. Currently, the ROP currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the ROP's adopted policy, only the governing board or Superintendent may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The ROP's governing board adopted a minimum fund balance policy in the previous year for the General Fund in order to protect the ROP against revenue shortfalls or unpredicted on-time expenditures. The policy requires funds set aside for economic uncertainties which consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the ROP or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The ROP first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$364,215 of restricted net position, of which \$363,029 is restricted by enabling legislation.

Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Budgetary Data

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

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

Changes in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The ROP has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

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JUNE 30, 2015

determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

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

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the ROP has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$5,376,440. The decrease results from recognizing the net pension liability, net of related deferred inflows and outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

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This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

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Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

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In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 6,907,592
Fiduciary funds	14,470
Total Deposits and Investments	<u>\$ 6,922,062</u>

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	\$ 14,915
Cash in revolving	7,500
Investments	6,899,647
Total Deposits and Investments	<u>\$ 6,922,062</u>

Policies and Practices

The ROP is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The ROP is considered to be an involuntary participant in an external investment pool as the ROP is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the ROP's investment in the pool is reported in the accounting financial statements at amounts based upon the ROP's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROP manages its exposure to interest rate risk by investing in the county pool and/or having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the ROP's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the ROP's investment by maturity:

Investment Type	Fair Value	Weighted Average In Years
County Pool	\$ 6,909,996	1.28

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. The ROP's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2015.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 3 - RECEIVABLES

Receivables at June 30, 2015, consisted of intergovernmental grants, entitlements, interest and other state and local sources. All receivables are considered collectible in full.

	General	County School Facilities	Total
State Government			
Apportionment from Districts pass through	\$ 955,602	\$ -	\$ 955,602
Categorical aid	1,600	-	1,600
Lottery	253,450	-	253,450
Other State	1,600	-	1,600
Local Government			
Interest	4,132	-	4,132
Other Local Sources	57,568	1	57,569
Total	<u>\$ 1,273,952</u>	<u>\$ 1</u>	<u>\$ 1,273,953</u>

NOTE 4 - CAPITAL ASSETS

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

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated				
Construction in progress	\$ 4,786,253	\$ 12,234	\$ 4,717,007	\$ 81,480
Total Capital Assets Not Being Depreciated	<u>4,786,253</u>	<u>12,234</u>	<u>4,717,007</u>	<u>81,480</u>
Capital Assets Being Depreciated				
Buildings and improvements	711,147	4,717,007	-	5,428,154
Furniture and equipment	576,589	5,640	-	582,229
Total Capital Assets Being Depreciated	<u>1,287,736</u>	<u>4,722,647</u>	<u>-</u>	<u>6,010,383</u>
Less Accumulated Depreciation				
Buildings and improvements	461,067	194,496	-	655,563
Furniture and equipment	340,610	148,430	-	489,040
Total Accumulated Depreciation	<u>801,677</u>	<u>342,926</u>	<u>-</u>	<u>1,144,603</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,272,312</u>	<u>\$ 4,391,955</u>	<u>\$ 4,717,007</u>	<u>\$ 4,947,260</u>

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

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Depreciation expense was charged to governmental functions as follows:

Governmental Activities

Instruction	\$	199,491
Supervision of instruction		17,023
Instructional library, media, and technology		5,012
School site administration		19,897
All other pupil services		9,887
Data processing		8,686
All other general administration		32,401
Plant services		50,529
Total Depreciation Expense Governmental Activities	\$	<u>342,926</u>

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

	General
Vendor payables	\$ 165,787
Salaries and benefits	18,099
Total	<u>\$ 183,886</u>

NOTE 6 – LONG-TERM OBLIGATION

Summary

The change in the ROP's long-term obligation during the year consisted of the following:

	Restated Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due in One Year
Capital leases	\$ 7,245	\$ -	\$ 3,883	\$ 3,362	\$ 3,362
Accumulated vacation - net	109,427	-	17,279	92,148	-
OPEB obligation	209,664	66,621	28,438	247,847	-
Net pension liability	5,709,136	-	1,162,190	4,546,946	-
Total	<u>\$ 6,035,472</u>	<u>\$ 66,621</u>	<u>\$ 1,211,790</u>	<u>\$ 4,890,303</u>	<u>\$ 3,362</u>

Payments for capital leases are made by the general fund. Accumulated vacation, OPEB obligation, and net pension liabilities will be paid for by the fund for which the employee worked.

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NOTES TO FINANCIAL STATEMENTS

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Capital Leases

The ROP has entered into various lease agreements. Such agreements are in substance, purchase (capital lease) and are reported as capital lease obligations. The ROP's liability on the lease agreements, with option to purchase, is summarized below:

	Equipment
Balance, July 1, 2014	\$ 7,245
Additions	-
Payments	3,883
Balance, June 30, 2015	<u>\$ 3,362</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2016	\$ 3,518
Less: Amount representing interest	156
Present Value of minimum lease payments	<u>\$ 3,362</u>

Leased asset under capital lease in capital assets and accumulated depreciation at June 30, 2015, include the following:

Equipment	\$ 44,816
Less: Accumulated depreciation	(44,368)
Total	<u>\$ 448</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the ROP at June 30, 2015, amounted to \$92,148.

Other Postemployment Benefits (OPEB) Obligation

The ROP's annual required contribution (ARC) was \$70,355 for the year ended June 30, 2015 and contributions made by the ROP during the year were \$28,438. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$9,959 and \$(13,693), respectively, which resulted in a net increase to the net OPEB obligation of \$38,183. As of June 30, 2015, the net OPEB obligation for the ROP was \$247,847. See Note 8 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 7 – FUND BALANCES

Fund balance is composed of the following elements:

	General	County School Facilities	Total
Nonspendable			
Revolving cash	\$ 7,500	\$ -	\$ 7,500
Prepaid expenditures	22,200	-	22,200
Total Nonspendable	<u>29,700</u>	<u>-</u>	<u>29,700</u>
Restricted			
Educational programs	363,029	-	363,029
Capital projects	-	1,186	1,186
Total Retriected	<u>363,029</u>	<u>1,186</u>	<u>364,215</u>
Assigned			
Reitree benefits (OPEB)	160,000	-	160,000
Excess property tax carryover	2,662,254	-	2,662,254
Equipment reserves	703,000	-	703,000
Building repairs and improvement	762,000	-	762,000
General reserve	686,000	-	686,000
Prop ID contingencies	200,000	-	200,000
Lottery Carryover, Unrestricted	224,286	-	224,286
Total Assigned	<u>5,397,540</u>	<u>-</u>	<u>5,397,540</u>
Unassigned			
For economic uncertainties	2,228,404	-	2,228,404
Total Unassigned	<u>2,228,404</u>	<u>-</u>	<u>2,228,404</u>
Total	<u>\$ 8,018,673</u>	<u>\$ 1,186</u>	<u>\$ 8,019,859</u>

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

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NOTE 8 – POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the ROP. The Plan provides medical benefits to eligible retirees and their spouses. Membership of the Plan consists of two retirees and beneficiaries currently receiving benefits, one terminated plan member entitled to but not yet receiving benefits and 47 active plan members. Expenditures for post employment benefits are recognized on a pay-as-you-go basis, as retirees' premiums are paid.

Contribution Information

The contribution requirements of plan members and the ROP are established and may be amended by the ROP and the employee groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the ROP and the employee groups. For fiscal year 2014-2015, the ROP contributed \$28,438 the plan, all of which was used for current premiums (approximately 43 percent of current year's annual required contributions).

Annual OPEB Cost and Net OPEB Obligation

The ROP'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 Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the ROP's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the ROP's net OPEB obligation to the Plan:

Annual required contribution	\$	70,355
Interest on net OPEB obligation		9,959
Adjustment to annual required contribution		(13,693)
Annual OPEB cost (expense)		<u>66,621</u>
Contributions made		<u>28,438</u>
Increase in net OPEB obligation		38,183
Net OPEB obligation, beginning of year		<u>209,664</u>
Net OPEB obligation, end of year	\$	<u><u>247,847</u></u>

The Trend information for annual OPEB cost, actual contribution, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2013	\$ 75,876	\$ 20,612	27%	\$ 171,505
2014	67,487	29,328	43%	209,664
2015	66,621	28,438	43%	247,847

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Funded Status and Funding Progress

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

Actuarial Methods and Assumptions

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

In the September 1, 2013 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses) and 2.75 percent general inflation per year. Healthcare cost trend rate was four percent until reaching the ultimate trend. The UAAL is being amortized at a level percentage of payroll assuming a three percent annual increase in payroll. The remaining amortization period at September 1 2013, was 30 years. The actuarial value of assets was not determined in this actuarial valuation. Currently, the ROP is considered to be an unfunded plan since there are no assets and retiree benefits are paid annually on a cash basis.

NOTE 9 - RISK MANAGEMENT

Property and Liability:

The ROP is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the ROP participated in the East Bay Schools Insurance Group (EBSIG), for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2015, the ROP participated in the Alameda County School Insurance Group (ACSIG), an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the ROP by virtue of its grouping and representation with other participants in the ACSIG. The workers' compensation experience of the participating ROP is calculated as one experience and a common premium rate is applied to all ROPs in the ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participated school ROPs. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the ACSIG.

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NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

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

The ROP implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the ROP reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 3,457,074	\$ 225,688	\$ 851,298	\$ 298,457
CalPERS	1,089,872	94,917	374,492	96,867
Total	<u>\$ 4,546,946</u>	<u>\$ 320,605</u>	<u>\$ 1,225,790</u>	<u>\$ 395,324</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The ROP contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

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The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The ROP contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the ROP's total contributions were \$225,688.

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NOTES TO FINANCIAL STATEMENTS

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

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

Total net pension liability, including State share:

ROP's proportionate share of net pension liability	\$	3,457,074
State's proportionate share of the net pension liability associated with the ROP		2,087,530
Total	\$	<u>5,544,604</u>

The net pension liability was measured as of June 30, 2014. The ROP's proportion of the net pension liability was based on a projection of the ROP's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the ROP's proportion was 0.0059 percent.

For the year ended June 30, 2015, the ROP recognized pension expense of \$180,221 and revenue of \$180,221 for support provided by the State. At June 30, 2015, the ROP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 225,688	\$ -
Differences between projected and actual earnings on pension plan investments	-	851,298
Total	<u>\$ 225,688</u>	<u>\$ 851,298</u>

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The deferred outflow of resources related to pensions resulting from ROP contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 212,824
2017	212,824
2018	212,825
2019	212,825
Total	<u>\$ 851,298</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

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

The following presents the ROP's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 5,388,674
Current discount rate (7.60%)	\$ 3,457,074
1% increase (8.60%)	\$ 1,846,470

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The ROP is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total ROP contributions were \$94,917.

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

As of June 30, 2015, the ROP reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$1,089,872. The net pension liability was measured as of June 30, 2014. The ROP's proportion of the net pension liability was based on a projection of the ROP's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the ROP's proportion was 0.0096 percent.

For the year ended June 30, 2015, the ROP recognized pension expense of \$96,867. At June 30, 2015, the ROP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 94,917	\$ -
Differences between projected and actual earnings on pension plan investments		374,492
Total	\$ 94,917	\$ 374,492

The deferred outflow of resources related to pensions resulting from ROP contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 93,623
2017	93,623
2018	93,623
2019	93,623
Total	\$ 374,492

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the ROP's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.50%)	\$ 1,911,884
Current discount rate (7.50%)	\$ 1,089,872
1% increase (8.50%)	\$ 402,998

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The ROP has elected to use Social Security as its alternative plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the ROP. These payments consist of State General Fund contributions to CalSTRS in the amount of \$180,221 (5.679 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the amounts reported in the General Fund Comparison Budgetary Schedule.

NOTE 11 - RELATED PARTIES

The ROP is operated under a Joint Power Agreement between the Fremont Unified School District, New Haven Unified School District and the Newark Unified School District. Revenues are based on the 2013-14 Adjusted Local Control Funding Formula for Categorical Programs and the MOE requirements for ROP JPAs. Upon receipt of the revenues, the districts make transfers to the ROP. The total revenues transferred for 2015 were \$7,515,307.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Grants

The ROP received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the ROP at June 30, 2015.

Services Provided By Others

The Fremont Unified School District provides general accounting services and computer processing services for transactions, financial reports, maintenance and transportation services on behalf of the ROP.

Litigation

The ROP is not currently a party to any legal proceedings.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The ROP is a member of the Alameda County School Insurance Group (ACSIG), and the East Bay Schools Insurance Group (EBSIG); public entity risk pools. The ROP pays an annual premium to each entity for its workers' compensation, and property liability coverage. The relationships between the ROP and the public entity risk pools are such that they are not component units of the ROP for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the ROP are included in these statements. Audited financial statements are generally available from the respective entities.

The ROP has appointed six board members to the Governing Board of MVROP. During the year ended June 30, 2015, the ROP made payments of \$79,531 and \$50,762 to ACSIG and EBSIG public entity risk pools, respectively.

NOTE 14 - NET POSITION RESTATEMENT

Net Position	
Net position - Beginning	\$ 12,390,130
Change in accounting principles to conform to GASB Statement No. 68 and 71	(5,376,440)
Net Position - Beginning as Restated	<u>\$ 7,013,690</u>

REQUIRED SUPPLEMENTARY INFORMATION

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Other state sources ¹	\$ 46,767	\$ 30,000	\$ 196,471	\$ 166,471
Other local sources	7,147,668	7,541,648	7,622,241	80,593
Total Revenues	<u>7,194,435</u>	<u>7,571,648</u>	<u>7,818,712</u>	<u>247,064</u>
EXPENDITURES				
Current				
Certificated salaries	3,080,804	3,077,145	2,932,299	144,846
Classified salaries	1,029,287	1,037,358	932,071	105,287
Employee benefits	711,514	681,911	786,458	(104,547)
Books and supplies	667,238	874,409	896,124	(21,715)
Services and operating expenditures	1,683,984	2,311,098	1,673,763	637,335
Capital outlay	681,540	502,040	17,874	484,166
Debt service - principal	-	-	3,681	(3,681)
Debt service - interest	-	-	741	(741)
Total Expenditures	<u>7,854,367</u>	<u>8,483,961</u>	<u>7,243,011</u>	<u>1,240,950</u>
NET CHANGE IN FUND BALANCES	(659,932)	(912,313)	575,701	1,488,014
Fund Balance - Beginning	<u>7,442,972</u>	<u>7,442,972</u>	<u>7,442,972</u>	-
Fund Balance - Ending	<u>\$ 6,783,040</u>	<u>\$ 6,530,659</u>	<u>\$ 8,018,673</u>	<u>\$ 1,488,014</u>

¹ On-behalf-payment of \$180,221 are included in the actual column but not are not included in the budget columns.

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
February 5, 2010	\$ -	\$ 483,209	\$ 483,209	0%	\$ 150,000	322%
September 1, 2013	-	554,593	554,593	0%	175,000	317%

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

SCHEDULE OF THE ROP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>
CalSTRS	
ROP's proportion of the net pension liability	<u>0.0059%</u>
ROP's proportionate share of the net pension liability	\$ 3,457,074
State's proportionate share of the net pension liability associated with the District	<u>2,087,530</u>
Total	<u><u>\$ 5,544,604</u></u>
ROP's covered - employee payroll	<u>\$ 2,550,108</u>
ROP's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>135.57%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>
 CalPERS	
ROP's proportion of the net pension liability	<u>0.0096%</u>
ROP's proportionate share of the net pension liability	<u>\$ 1,089,872</u>
ROP's covered - employee payroll	<u>\$ 830,666</u>
ROP's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

Note : In the future, as data become available, ten years of information will be presented.

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

SCHEDULE OF ROP CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>
CalSTRS	
Contractually required contribution	\$ 217,384
Contributions in relation to the contractually required contribution	(217,384)
Contribution deficiency (excess)	<u>\$ -</u>
 ROP's covered - employee payroll	 <u>\$ 2,670,342</u>
 Contributions as a percentage of covered - employee payroll	 <u>8.14%</u>
 CalPERS	
Contractually required contribution	\$ 115,312
Contributions in relation to the contractually required contribution	(115,312)
Contribution deficiency (excess)	<u>\$ -</u>
 ROP's covered - employee payroll	 <u>\$ 1,019,677</u>
 Contributions as a percentage of covered - employee payroll	 <u>11.31%</u>

Note : In the future, as data become available, ten years of information will be presented.

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

SUPPLEMENTARY INFORMATION

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE

JUNE 30, 2015

ORGANIZATION

The Mission Valley Regional Occupational Program (MVROP) was established on June 26, 1989. It operates under a Joint Powers Agreement (JPA) consisting of three member districts: Fremont Unified School District, Newark Unified School District and New Haven Unified School District. The JPA was originally established on June 10, 1969 and was known as Fremont/Newark ROC/P. New Haven joined the JPA on July 1, 1991.

MVROP consists of an area comprising approximately 123 square miles. It operates a facility, completed in June 2007, in the heart of Fremont, serves 7 high schools and 3 continuation high schools. MVROP also serves adults from the Alameda County area. The facility is a 45,000 square foot, two-story building consisting of 19 classrooms, including 4 state-of-the-art biotechnology and health science labs and 6 cutting-edge computer labs, a suite of administrative offices, a Board Room, a Student Services Center, a Student Registration Office, a Staff Lounge and a Student Lounge.

Mission Valley ROP is a provider of career training for high tech, high pay and high demand fields. In existence for more than 40 years, MVROP has been instrumental in preparing students for successful business, medical, and technical careers. Over 5,000 students (adult and high school) participate each year in ROP's exemplary educational programs.

Mission Valley's dedicated staff, superior learning environment, and high tech equipment all contribute to the high success rate of our students. Keeping current with today's standards is critical, and we continually seek input from business and industry representatives who serve on active advisory committees for each of our programs.

At Mission Valley ROP, we believe in one common objective - helping our students develop to their full potential!

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Jonas Dino, Fremont USD	President	2015
Larry Sweeney, Newark USD	Vice President	2015
Nancy Thomas, New Haven USD	Clerk	2015
Yang Shao, Fremont USD	Alternate	2015
Ray Rodriguez, Newark USD	Alternate	2015
Sarabjit Cheema, New Haven USD	Alternate	2015

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Thomas Hanson	Superintendent
Cliff Adams-hart	Director of Educational Services
Joyce Veasley	Director of Business Services

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2015

Due to the implementation of the Local Control Funding Formula (LCFF), the funding for this program is maintained for the same level from fiscal year 2012-13. Prior year funding for this program is based on 2007-08 ADA, and therefore, the ROP is not required to report the ADA in the annual attendance report.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Summarized below are the reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>Form Debt</u>
LONG TERM OBLIGATIONS	
Total Liabilities, June 30, 2015, Unaudited Actuals	\$ 306,617
Adjustment:	
Accumulated vacation	1,672
Capital lease payable	(521)
OPEB obligations	35,589
Accounts receivable	<u>4,546,946</u>
Total Liabilities, June 30, 2015, Audited Financial Statement	<u>\$ 4,890,303</u>

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

	(Budget) ¹ 2016	2015	2014	2013
GENERAL FUND				
Revenues ⁴	\$ 6,829,467	\$ 7,818,712	\$ 7,400,664	\$ 7,191,619
Other sources	-	-	-	-
Total Revenues	6,829,467	7,818,712	7,400,664	7,191,619
Expenditures ⁴	7,151,066	7,243,011	6,996,290	5,872,624
INCREASE/(DECREASE) IN FUND BALANCE	\$ (321,599)	\$ 575,701	\$ 404,374	\$ 1,318,995
ENDING FUND BALANCE	\$ 7,697,074	\$ 8,018,673	\$ 7,442,972	\$ 7,038,598
AVAILABLE RESERVES ²	\$ 2,951,875	\$ 2,228,404	\$ 1,669,889	\$ 1,336,034
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	41.3%	30.8%	24.3%	22.8%
LONG-TERM OBLIGATIONS	\$ 4,886,941	\$ 4,890,303	\$ 326,336	\$ 320,424
AVERAGE DAILY ATTENDANCE ANNUAL ³	n/a	n/a	n/a	\$ 2,518

The General Fund balance has increased by \$980,076 over the past two years. The fiscal year 2015-16 budget projects a deficit of \$321,599. For a ROP this size, the State recommends available reserves of at least 3.0 percent of total general fund expenditures, transfers out, and other uses (total outgo).

The ROP has incurred operating surplus in the past three years and anticipates incurring a deficit during the 2015-16 fiscal year. Total long-term obligations have increased by \$4,569,879 over the past two years, primarily due to the recognition of pension liabilities as of June 30, 2015.

Funded average daily attendance for 2015-16 will be based on 2012-13 annual funded ADA per State legislation.

¹ Budget 2016 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of funds designated for economic uncertainty contained within the General Fund.

³ Average daily attendance consists of the total attendance reported to Fremont Unified, New Haven Unified, and Newark Unified School Districts on their Annual reports of attendance as reported on their Annual Reports of Attendance for 2013-14.

⁴ On-behalf payments of \$136,538, and \$150,503, have been excluded from the calculation of the available reserves percentage for fiscal years ended June 30, 2014, and 2013, respectively.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the ROP's boundaries, schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the ROP. The average daily attendance reported to each district represents the attendance of the students residing in the respective district. The attendance is reported by each district on their respective attendance reports. Each district receives the ROP apportionments from the State of California and transfers revenue to the ROP.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

INDEPENDENT AUDITOR'S REPORTS



**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***

Governing Board
Mission Valley Regional Occupational Program
Fremont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Mission Valley Regional Occupational Program (ROP) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mission Valley Regional Occupational Program's basic financial statements, and have issued our report thereon dated December 15, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 1 and 14 to the financial statements, the ROP adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mission Valley Regional Occupational Program'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 Mission Valley Regional Occupational Program's internal control. Accordingly, we do not express an opinion on the effectiveness of Mission Valley Regional Occupational Program'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 ROP's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

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

VaurineK, Ture, Day & Co LLP

Pleasanton, California
December 15, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Mission Valley Regional Occupational Program
Fremont, California

Report on State Compliance

We have audited Mission Valley Regional Occupational Program's compliance with the types of compliance requirements as identified in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Mission Valley Regional Occupational Program's State government programs as noted below for the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Mission Valley Regional Occupational Program's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Mission Valley Regional Occupational Program'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 opinions. Our audit does not provide a legal determination of Mission Valley Regional Occupational Program's compliance with those requirements.

Unmodified Opinion

In our opinion, Mission Valley Regional Occupational Program complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Mission Valley Regional Occupational Program's compliance with the State laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
Attendance Accounting:	
Attendance Reporting	Not applicable
Teacher Certification and Misassignments	Not applicable
Kindergarten Continuance	Not applicable
Independent Study	Not applicable
Continuation Education	Not applicable
Instructional Time	Not applicable
Instructional Materials	Not applicable
Ratios of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Transportation Maintenance of Effort	Not applicable
Regional Occupational Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Not applicable
California Clean Energy Jobs Act	Not applicable
After School Education and Safety Program:	
General Requirements	Not applicable
After School	Not applicable
Before School	Not applicable
Proper Expenditure of Education Protection Account Funds	Not applicable
Common Core Implementation Funds	Not applicable
Unduplicated Local Control Funding Formula Pupil Counts	Not applicable
Local Control Accountability Plan	Not applicable
Charter Schools:	
Attendance	Not applicable
Mode of Instruction	Not applicable
Non Classroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Non Classroom-Based Instruction	Not applicable
Annual Instruction Minutes Classroom-Based	Not applicable
Charter School Facility Grant Program	Not applicable

The majority of the state compliance provisions, with the exception of Regional Occupational Centers or Programs Maintenance of Effort are not applicable for ROP program only agencies.

The ROP does not offer an Early Retirement Incentive Program; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

The ROP does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

The ROP does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs. .

Vaurine K, Trine, Day & Co LLP

Pleasanton, California
December 15, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2015

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Internal control over major Federal programs:	
Material weaknesses identified?	<u>Not applicable</u>
Significant deficiencyies identified	<u>Not applicable</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Not applicable</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major Federal programs:	

Dollar threshold used to distinguish between Type A and Type B programs:	<u>Not applicable</u>
Auditee qualified as low-risk auditee?	Not applicable

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

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

MISSION VALLEY REGIONAL OCCUPATIONAL PROGRAM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

There were no audit findings reported in the prior year's schedule of financial statement findings.



End of Board Packet