

CLOVIS UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

CLOVIS UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Clovis Unified School District
Clovis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clovis Unified School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 the *2015-2016 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clovis Unified School District, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedule on page 79, schedule of other postemployment benefits funding progress on page 80, schedule of the district's proportionate share of net pension liability on page 81, and the schedule of district contributions on page 82, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clovis Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the 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 November 17, 2016, on our consideration of the Clovis Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clovis Unified School District's internal control over financial reporting and compliance.

Vannink, Trine, Day & Co., LLP

Fresno, California
November 17, 2016



**CLOVIS UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2016**

This section of Clovis Unified School District's (the District) annual financial report presents the management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016.

FINANCIAL HIGHLIGHTS

The District continued its long history of implementing conservative budgets and proactively addressing the State of California's fiscal crisis resulting in the District maintaining reserve levels well above the State's minimum amount of two percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Governing Board

Sandra A. Bengel
Christopher Casado
Brian D. Heryford
Ginny L. Hovsepien
Richard Lake, C.P.A.
Elizabeth J. Sandoval
Jim Van Volkinburg, D.D.S.

Administration

Janet L. Young, Ed.D.
Superintendent
Carlo Prandini, Ph.D.
Deputy Superintendent
Norm Anderson
Associate Superintendent
Barry S. Jager, Jr.
Associate Superintendent
Michael Johnston
Associate Superintendent

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Figure A-1. Organization of Clovis Unified's Annual Financial Report

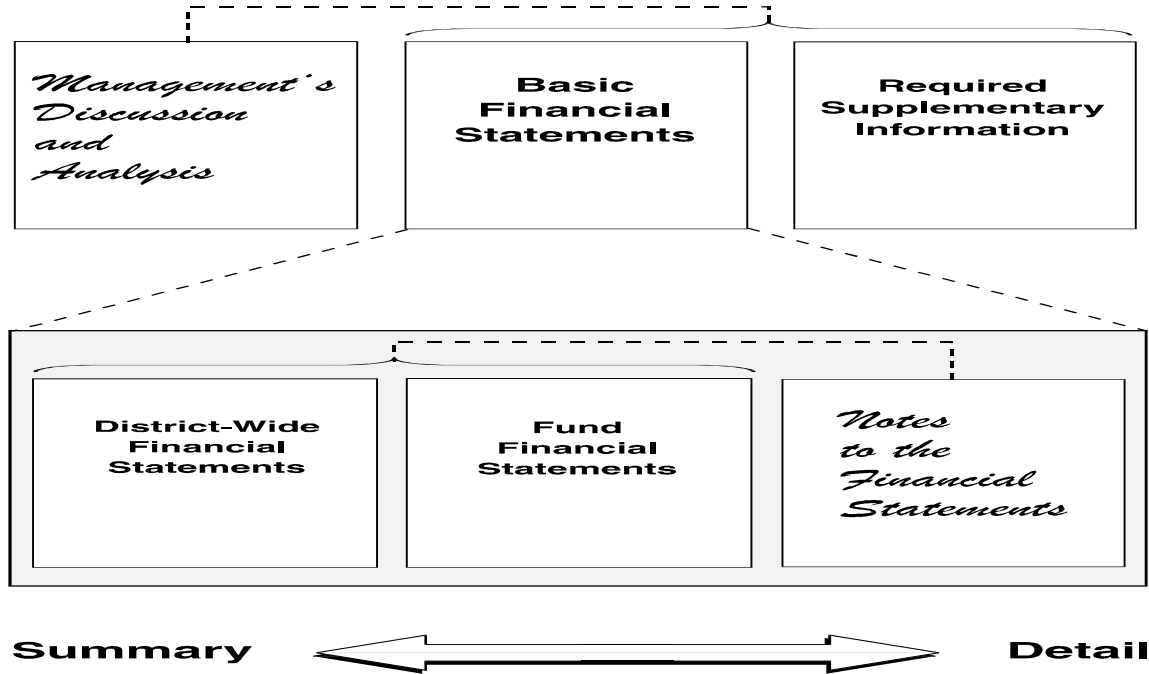


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Government-wide	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student body activities.
Required financial statements	<ul style="list-style-type: none"> •Statement of net position •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures & changes in fund balances •Reconciliation to government-wide financial statements 	<ul style="list-style-type: none"> •Statement of fiduciary net position •Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; standard funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

GOVERNMENT-WIDE STATEMENTS

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

These two government-wide statements report the District's net position and how it has changed. Net position (the difference between assets and liabilities) is one way to measure the District's financial health or financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- In the government-wide financial statements, the District's activities are combined into one category.
- Governmental activities - The District's basic services are included here, such as regular and special education, transportation, food services, adult education and administration. Property taxes, state formula aid, categorical funding and fees charged, finance most of these activities.

FUND FINANCIAL STATEMENTS

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

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position: The District's combined net position was 51.2 million on June 30, 2016, increasing by \$5.4 million (11.79 percent). (See Table A-1.)

Table A-1

(Amounts in millions)	Governmental Activities		Percentage Change
	2016	2015	
Assets			
Current and Other Assets	\$ 287.9	\$ 230.8	24.74%
Capital Assets	900.9	825.7	9.11%
Total Assets	1,188.8	1,056.5	12.52%
Deferred Outflows of Resources	83.4	26.7	2.1
Liabilities			
Current Liabilities	60.2	66.9	-10.01%
Long-Term Obligations	781.5	652.6	19.75%
Net Pension Liability	316.6	250.4	26.44%
Total Liabilities	1,158.3	969.9	19.42%
Deferred Inflows of Resources	62.7	67.5	-7.11%
Net Position			
Net investment in capital assets	436.7	410.2	6.46%
Restricted	57.2	60.3	-5.14%
Unrestricted	(442.7)	(424.7)	4.24%
Total Net Position	\$ 51.2	\$ 45.8	11.79%

Changes in Net Position: The District's total governmental revenues were \$508.7 million (see Table A-2). Property taxes and state aid formula accounted for most of the District's revenue, with state aid contributing about 56¢ of every dollar raised and property taxes contributing about 20¢ of every dollar raised. Another 15¢ came from categorical programs, and the remainder came from fees charged for services of 1¢ and miscellaneous sources of 7¢.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The total cost of all governmental programs and services was \$503.3 million (see Table A-2). The District's expenses are predominantly related to educating and caring for students (79.0 percent). The purely administrative activities of the District accounted for just 4.0 percent of total costs. Plant services was \$48.6 million, accounting for 10.0 percent of the District's expenses. Revenues surpassed expenses, increasing net position by \$5.4 million over last year.

Table A-2

(Amounts in millions)	Governmental Activities		Percentage Change
	2016	2015	
Revenues			
General revenues:			
Federal and state aid not restricted	\$ 282.6	\$ 244.2	15.72%
Property taxes	100.3	87.4	14.76%
Other	37.1	37.9	-2.11%
Program Revenues:			
Charges for services	6.2	8.6	-27.91%
Operating grants and contributions	78.8	56.3	39.96%
Capital grants and contributions	3.7	-	100.00%
Total Revenues	<u>508.7</u>	<u>434.4</u>	<u>17.10%</u>
Expenses			
Instruction related	340.4	283.1	20.24%
Pupil services	57.1	47.8	19.46%
General administration	21.0	19.2	9.38%
Plant services	48.6	43.1	12.76%
Other	36.2	22.6	60.18%
Total Expenses	<u>\$ 503.3</u>	<u>\$ 415.8</u>	<u>21.04%</u>
Change in Net Position	<u>\$ 5.4</u>	<u>\$ 18.6</u>	<u>70.97%</u>

GOVERNMENTAL ACTIVITIES

Revenues for the District's governmental activities were \$508.7 million, while total expenses were \$503.3 million. The increase in net position for governmental activities was \$5.4 million in 2016.

The continued good health of the District's finances can be credited to:

- Staffing formulas that maintain equality
- Maintaining an awareness of the changing fiscal issues and active participation from the Employee Compensation Committee and Employee Benefit Committee

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Table A-3 presents the cost of six major District activities: instruction, student transportation services, all other pupil services, food services, general administration, and plant services. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction related	\$ 340.4	\$ 283.1	\$ 279.4	\$ 242.8
Student transportation	9.4	7.8	9.4	7.8
All other pupil services	34.6	27.9	28.1	22.7
Food services	13.1	12.1	0.5	(0.1)
General administration	21.0	19.2	19.3	17.8
Plant services	48.6	43.1	47.9	42.7
Other	36.2	22.6	30.1	17.2
Total	\$ 503.3	\$ 415.8	\$ 414.7	\$ 350.9

- The cost of governmental activities this year was \$503.3 million.
- Some of the costs were paid by the users of the District's programs (\$6.2 million).
- The federal and state governments subsidized certain programs with operating grants and contributions (\$78.8 million).
- Most of the District's costs, \$382.9 million, however, were paid for by District taxpayers and the taxpayers of California, in general.
- Governmental activities were paid for with \$100.3 million in property taxes, \$282.6 million of unrestricted state aid based on the statewide education aid formula, and with investment earnings.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$203.8 million which is an increase of \$66.2 million from last year (Table A-4).

Table A-4

(Amounts in millions)	Balance		
	June 30, 2016	June 30, 2015	Variance
General	\$ 81.6	\$ 52.3	\$ 29.3
Charter School	1.8	1.0	0.8
Adult Education	3.1	1.7	1.4
Child Development	2.6	2.2	0.4
Cafeteria	8.7	8.4	0.3
Deferred Maintenance	1.9	0.3	1.6
Building	56.2	14.6	41.6
Capital Facilities	3.8	12.2	(8.4)
County School Facilities	1.5	1.2	0.3
Special Reserve Capital Outlay	7.3	9.0	(1.7)
Bond Interest and Redemption	34.3	33.7	0.6
Central Valley School Districts Financing Corporation	1.0	1.0	-
Total	\$ 203.8	\$ 137.6	\$ 66.2

The primary reasons for the changes are:

- a. The fund balance in the General Fund increased \$29.3 million to \$81.6 million. The net increase is due to an overall increase in revenues; one-time and ongoing.
- b. The special revenue funds reported a net increase of \$4.5 million.
- c. The capital projects funds showed an increase of \$31.8 million. This overall increase is primarily from general obligation bond proceeds received from bonds issued during the year.
- d. The Bond Interest and Redemption Fund reported an increase of \$0.6 million due to increased local revenues collected to pay required bond debt payments.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the District revised the annual operating budget several times due to updated projections and actual costs. Following are highlights of the largest changes:

- Net increases in both revenue and expense for federal, state and local grant awards.
- Posting of deferred categorical revenue.
- One-time funds to pay down the mandate claim reimbursements owed to the District.
- Savings were realized and rebates received for the solar panels installed throughout the district. This project was funded with bond funds.
- GASB 68 requires the District to recognize the State's share of the District's unfunded CalSTRS liability. This resulted in a revenue and expenditure adjustment of \$10.4 million.
- The Board approved a two percent salary increase for all District employees.
- The Adopted Budget's revenues over expenditures resulted in the District anticipating a surplus of \$128,979. The Adopted Budget was structured in such a way that the District could manage any changes from the State. The LCFF gap closure percentage decreased from 53.08 percent at Adopted and ended the year with an actual gap closure of 52.56 percent. The decrease in the gap closure percentage was offset by an increase in the ADA. The LCFF Entitlement ended with an increase of \$1.5 million over the anticipated increase at Adopted. Actual revenues to expenditures resulted in a surplus of \$29.4 million, however \$2 million of the fund balance is non-spendable, \$2.7 million is restricted for restricted programs and \$16.5 million is assigned for local carryover, student computer refresh, bus replacements, textbooks, and LCAP Supplemental programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By June 30, 2016, the District had invested \$900.9 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio visual equipment, and administrative offices. (See Table A-5.) This amount represents a net increase of \$75.2 million or 9.11 percent over last year. Total depreciation expense for the year was \$25.4 million.

Table A-5

	Governmental Activities		Percentage Change
	2016	2015	
Land	\$ 77.5	\$ 77.5	0.00%
Land improvements	48.8	49.5	-1.41%
Buildings and improvements	615.2	554.1	11.03%
Equipment	36.6	38.5	-4.94%
Construction in progress	122.8	106.1	15.74%
Total	\$ 900.9	\$ 825.7	9.11%

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The District has work in progress related to modernization projects at thirteen district sites. In addition to the modernizations, the District is in the final stages of the construction of a new Technology Service Center, a new Elementary School, and a new Career Technical Education building. The District is currently in the design phase for an additional eleven modernizations of various school sites as well as the district office campus. Additionally, the district will begin construction of handrail modernization projects at Veterans Memorial Stadium and Lamonica Stadium. The projects will primarily be funded with revenue from Measure A and augmented with Developer Fees, and interest on investments. The stadium projects will be funded with one-time General Fund revenue sources.

In 2016-2017, the District projects spending another \$42.7 million on above mentioned work in progress projects. The projects scheduled to commence in 2016-2017 are projected to cost \$33.7 million in their entirety.

Long-Term Obligations

At year-end the District had \$781.5 million in long-term obligations outstanding discussed below. This is an increase of 19.75 percent from last year, as shown in Table A-6.

Table A-6

	Governmental Activities		Percentage Change
	2016	2015	
General obligation bonds	\$ 509.9	\$ 417.8	22.04%
Certificates of participation	7.7	9.4	-18.09%
Child development portables	0.3	0.3	0.00%
Compensated absences	1.6	1.5	6.67%
Capital leases	2.5	2.6	-3.85%
Other postemployment benefits	259.5	221.0	17.42%
Total	\$ 781.5	\$ 652.6	19.75%

The District's S&P bond rating as of the most recent bond issuance was "AA". In addition, the District's certificates of participation S&P rating at the time of their last issuance was "AA".

Net Pension Liability

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27* as of June 30, 2015, which required the District to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. As of June 30, 2016, the District reported Deferred Outflows from pension activities \$83.4 million, Deferred Inflows from pension activities of \$62.7 million, and a Net Pension Liability of \$316.6 million.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The 2013-2014 fiscal year was the first year of the Local Control Funding Formula (LCFF). The LCFF attempts to fund students based on their needs related to household income, second language learner, or foster youth. The LCFF will provide additional funding for Clovis Unified School District over the eight year implementation; however, Clovis Unified School District will not receive as much additional funding as the vast majority of its neighboring districts due to its lower percentage of unduplicated pupil percentage eligible for free-reduced meals, English language learners, and foster youth. If a District has 55 percent or more unduplicated count, they become eligible for the concentration grants. Clovis Unified's unduplicated count averages a 42-45 percent of the total student population and thus is not eligible for this grant.
- Enrollment growth and student attendance is key to the District's financial projections. The District has consistently seen growth over the years and anticipates this trend to continue.
- The continued improvement of the economy within the State of California.
- One-time discretionary funds allocated to the District for the 2016-17 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Clovis Unified School District, 1450 Herndon Avenue, Clovis, California 93611.

CLOVIS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
ASSETS	
Deposits and investments	\$ 264,429,733
Receivables	21,392,866
Prepaid expenses	222,288
Stores inventories	1,896,410
Nondepreciable capital assets	200,349,068
Capital assets being depreciated	1,013,524,451
Accumulated depreciation	<u>(312,947,568)</u>
Total Assets	<u>1,188,867,248</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>83,383,398</u>
Total Deferred Outflows of Resources	<u>83,383,398</u>
LIABILITIES	
Accounts payable	49,407,082
Unearned revenue	1,759,425
Claims liability	8,986,276
Long-term obligations:	
Current portion of long-term obligations	29,621,193
Noncurrent portion of long-term obligations	<u>751,921,422</u>
Total Long-Term Obligations	<u>781,542,615</u>
Aggregate net pension liability	<u>316,650,145</u>
Total Liabilities	<u>1,158,345,543</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>62,731,527</u>
Total Deferred Inflows of Resources	<u>62,731,527</u>
NET POSITION	
Net investment in capital assets	436,688,743
Restricted for:	
Debt service	35,368,425
Capital projects	5,201,863
Educational programs	7,966,295
Other activities	8,682,453
Unrestricted	<u>(442,734,203)</u>
Total Net Position	<u>\$ 51,173,576</u>

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

CLOVIS UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Instruction	\$ 282,498,708	\$ 66,590	\$ 45,131,465	\$ 3,722,624
Instruction-related activities:				
Supervision of instruction	22,263,321	3,129	10,771,079	-
Instructional library, media, and technology	5,441,084	-	104,494	-
School site administration	30,175,455	-	1,191,636	-
Pupil services:				
Home-to-school transportation	9,376,800	-	15	-
Food services	13,152,490	3,641,157	9,027,448	-
All other pupil services	34,555,506	6,211	6,410,867	-
Administration:				
Data processing	3,160,835	-	14,396	-
All other administration	17,909,683	190,032	1,595,378	-
Plant services	48,599,455	320,817	345,163	-
Ancillary services	11,648,909	-	36,020	-
Community services	977,222	-	-	-
Interest on long-term obligations	22,794,188	-	-	-
Other outgo	772,950	1,922,770	4,167,642	-
Total Governmental Activities	\$ 503,326,606	\$ 6,150,706	\$ 78,795,603	\$ 3,722,624
General revenues and subventions:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Taxes levied for other specific purposes				
Federal and State aid not restricted to specific purposes				
Interest and investment earnings				
Interagency revenues				
Special and extraordinary items				
Miscellaneous				
Subtotal, General Revenues				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

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

**Net (Expenses)
Revenues and
Changes in
Net Position
Governmental
Activities**

\$ (233,578,029)

(11,489,113)

(5,336,590)

(28,983,819)

(9,376,785)

(483,885)

(28,138,428)

(3,146,439)

(16,124,273)

(47,933,475)

(11,612,889)

(977,222)

(22,794,188)

5,317,462

(414,657,673)

66,089,314

34,225,367

9,112

282,647,151

2,203,111

1,106,138

3,372,866

30,403,775

420,056,834

5,399,161

45,774,415

\$ 51,173,576

CLOVIS UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	\$ 109,171,247	\$ 61,143,049	\$ 34,332,930
Receivables	17,227,594	143,987	-
Due from other funds	835,399	1,140,080	-
Prepaid expenditures	210,948	2,000	-
Stores inventories	1,617,746	-	-
Total Assets	\$ 129,062,934	\$ 62,429,116	\$ 34,332,930
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 40,079,562	\$ 6,249,269	\$ -
Due to other funds	5,582,004	-	-
Unearned revenue	1,759,425	-	-
Total Liabilities	47,420,991	6,249,269	-
Fund Balances:			
Nonspendable	1,972,694	2,000	-
Restricted	2,666,777	56,177,847	34,332,930
Committed	-	-	-
Assigned	16,589,335	-	-
Unassigned	60,413,137	-	-
Total Fund Balances	81,641,943	56,179,847	34,332,930
Total Liabilities and Fund Balances	\$ 129,062,934	\$ 62,429,116	\$ 34,332,930

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 30,224,904	\$ 234,872,130
2,681,886	20,053,467
1,839,782	3,815,261
9,340	222,288
278,664	1,896,410
<u>\$ 35,034,576</u>	<u>\$ 260,859,556</u>

\$ 1,434,096	\$ 47,762,927
1,908,220	7,490,224
-	1,759,425
<u>3,342,316</u>	<u>57,012,576</u>

291,504	2,266,198
19,986,579	113,164,133
1,933,962	1,933,962
9,480,215	26,069,550
-	60,413,137
<u>31,692,260</u>	<u>203,846,980</u>

<u>\$ 35,034,576</u>	<u>\$ 260,859,556</u>
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CLOVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Total Fund Balance - Governmental Funds	\$ 203,846,980
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	\$ 1,213,873,519
Accumulated depreciation is	<u>(312,947,568)</u>
Net Capital Assets	900,925,951
Expenditures relating to issuance of debt of next fiscal year were recognized on the modified accrual basis, but are not recognized on the accrual basis.	
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.	26,048,710
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.	20,897,518
An internal service fund is used by the District's management to charge the costs of the health and welfare insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	3,669,353
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.	(22,003,548)
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.	659,122
The changes of assumptions is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.	(4,949,931)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(316,650,145)

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

CLOVIS UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2016**

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.

General obligation bonds	\$ 509,956,483	
Child development portables	252,000	
Compensated absences	1,597,669	
Capital leases	2,480,567	
Other postemployment benefits, excluding Self Insurance Fund portion	239,255,710	
Certificates of participation	7,728,005	
Total Long-Term Obligations		<u>\$ (761,270,434)</u>
Total Net Position - Governmental Activities		<u>\$ 51,173,576</u>

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

CLOVIS UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Building Fund
REVENUES		
Local Control Funding Formula	\$ 317,072,679	\$ -
Federal sources	16,956,331	-
Other State sources	70,168,138	-
Other local sources	16,832,759	1,368,849
Total Revenues	421,029,907	1,368,849
EXPENDITURES		
Current		
Instruction	227,244,669	-
Instruction-related activities:		
Supervision of instruction	18,158,342	-
Instructional library, media and technology	4,866,573	-
School site administration	23,754,523	-
Pupil services:		
Home-to-school transportation	9,542,013	-
Food services	-	-
All other pupil services	27,529,076	-
Administration:		
Data processing	2,821,281	-
All other administration	14,632,636	-
Plant services	39,991,585	470,080
Facility acquisition and construction	303,135	78,919,525
Ancillary services	8,198,877	-
Other outgo	772,950	-
Debt service		
Principal	1,369,760	1,795,229
Interest and other	20,501	417,339
Total Expenditures	379,205,921	81,602,173
Excess (Deficiency) of Revenues Over Expenditures	41,823,986	(80,233,324)
Other Financing Sources (Uses)		
Transfers in	1,951,543	20,649,864
Other sources	1,675,912	103,007,034
Transfers out	(16,068,448)	(1,887,270)
Net Other Financing Sources (Uses)	(12,440,993)	121,769,628
NET CHANGE IN FUND BALANCES	29,382,993	41,536,304
Fund Balance - Beginning	52,258,950	14,643,543
Fund Balance - Ending	\$ 81,641,943	\$ 56,179,847

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,642,792	\$ 319,715,471
-	9,992,335	26,948,666
316,974	13,576,838	84,061,950
34,501,058	26,744,010	79,446,676
<u>34,818,032</u>	<u>52,955,975</u>	<u>510,172,763</u>
-	11,638,692	238,883,361
-	2,059,769	20,218,111
-	133,463	5,000,036
-	1,640,927	25,395,450
-	-	9,542,013
-	12,431,629	12,431,629
-	451,898	27,980,974
-	-	2,821,281
-	1,321,392	15,954,028
-	4,709,360	45,171,025
-	19,380,088	98,602,748
-	-	8,198,877
-	-	772,950
25,722,571	433,000	29,320,560
11,237,453	16,988	11,692,281
<u>36,960,024</u>	<u>54,217,206</u>	<u>551,985,324</u>
<u>(2,141,992)</u>	<u>(1,261,231)</u>	<u>(41,812,561)</u>
-	15,856,418	38,457,825
3,120,866	252,000	108,055,812
<u>(350,964)</u>	<u>(20,151,143)</u>	<u>(38,457,825)</u>
<u>2,769,902</u>	<u>(4,042,725)</u>	<u>108,055,812</u>
627,910	(5,303,956)	66,243,251
33,705,020	36,996,216	137,603,729
<u>\$ 34,332,930</u>	<u>\$ 31,692,260</u>	<u>\$ 203,846,980</u>

CLOVIS UNIFIED SCHOOL DISTRICT

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, 2016

Total Net Change in Fund Balances - Governmental Funds **\$ 66,243,251**
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 exceed depreciation in the period.

Capital outlays	\$ 100,583,018	
Depreciation expense	<u>(25,393,874)</u>	
Net Expense Adjustment		75,189,144

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Position. (1,675,000)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) 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). Vacation earned was more than the amounts paid by \$71,823. (71,823)

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. (4,776,164)

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the Statement of Activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (38,572,736)

Proceeds received from the sale of bonds is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities. (107,841,956)

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

CLOVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued FOR THE YEAR ENDED JUNE 30, 2016

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	\$ 27,635,000
Certificates of participation	1,700,000
Capital lease obligations	1,807,604
Child development portables	63,000

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities includes additional accumulated interest that was accreted on the District's capital appreciation general obligation bonds.

(11,952,870)

An internal service fund is used by the District's management to charge the costs of the insurance programs (health and welfare) to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

(2,348,289)

Change in Net Position of Governmental Activities

\$ 5,399,161

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

CLOVIS UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Internal Service Self Insurance Fund</u>
ASSETS	
Current Assets	
Deposits and investments	\$ 29,557,603
Receivables	1,164,160
Due from other funds	3,707,149
Total Assets	<u>34,428,912</u>
LIABILITIES	
Current Liabilities	
Accounts payable	1,501,102
Claim liabilities	8,986,276
Other postemployment benefits obligation	20,272,181
Total Current Liabilities	<u>30,759,559</u>
NET POSITION	
Unrestricted	3,669,353
Total Net Position	<u>\$ 3,669,353</u>

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

CLOVIS UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Internal Service Self Insurance Fund
OPERATING REVENUES	
Charges to other funds and miscellaneous revenues	\$ 59,487,547
Total Operating Revenues	<u>59,487,547</u>
OPERATING EXPENSES	
Payroll costs	258,645
Professional and contract services	61,577,191
Total Operating Expenses	<u>61,835,836</u>
Change in Net Position	(2,348,289)
Total Net Position - Beginning	6,017,642
Total Net Position - Ending	<u>\$ 3,669,353</u>

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

CLOVIS UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	Internal Service Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from refunds	\$ 66,341,885
Cash paid for contracted services	(60,617,044)
Cash payments for other operating expenses	(258,645)
Net Cash Provided by Operating Activities	<u>5,466,196</u>
Cash and Cash Equivalents - Beginning	<u>24,091,407</u>
Cash and Cash Equivalents - Ending	<u>\$ 29,557,603</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (2,348,289)
Changes in assets and liabilities:	
Receivables	(848,304)
Due from other funds	7,702,642
Accounts payable, claims liability, and other postemployment benefits obligation	<u>960,147</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,466,196</u>

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

CLOVIS UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	\$ 5,756,481
Due from other funds	143,053
Total Assets	<u><u>\$ 5,899,534</u></u>
 LIABILITIES	
Due to student groups	\$ 2,076,193
Due to other agencies - Warrant/Pass-Through Fund	3,648,102
Due to other funds	175,239
Total Liabilities	<u><u>\$ 5,899,534</u></u>

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

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Clovis Unified School District (the District) was established in 1960 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates thirty-two elementary schools, five intermediate schools, five high schools, three alternative education schools, one adult school, the Clovis Online Charter School and the Center for Advanced Research and Technology as a joint high school with Fresno Unified School District.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Central Valley School Districts Financing Corporation's financial activity is presented in the financial statements as the Central Valley School Districts Financing Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Other Related Entities

Charter School The District has approved a charter for Clovis Online Charter School pursuant to *Education Code* Section 47605. The Clovis Online Charter School is operated by the District, and its financial activities are presented in the Charter School Fund.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 District's funds are grouped into three broad fund categories: governmental, proprietary, 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 are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Charter School Fund The Charter School Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* section 17582).

Capital Project Funds The Capital Project funds are used to account for 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).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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 1D) 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.).

Special Reserve Capital Outlay Fund The Special Reserve Capital Outlay Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of restricted, committed, or assigned resources for and the payment of principal and interest on general long-term obligations.

Central Valley School Districts Financing Corporation Fund The Central Valley School Districts Financing Corporation Fund is used to account for the accumulation of resources for the payment of principal and interest on certificates of participation issued by the Central Valley School Districts Financing Corporation.

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Internal Service Fund Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a Self Insurance Fund that is accounted for in an internal service fund that accounts for the costs associated with retiree benefits.

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 District's own programs.

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 District's agency fund accounts for student body activities (ASB) and the Warrant/Pass-Through Fund which is used to account for payroll transactions.

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 for each governmental function, and exclude 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 District 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 District. 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. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 balances 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.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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 District.

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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

CLOVIS UNIFIED SCHOOL DISTRICT

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Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

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 60 days. Principal and interest on long-term obligations, which have 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 statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2016, 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 values of investments in county investment pool are determined by the program sponsor.

Prepaid Expenditures

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary fund when used.

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 District. The District maintains a capitalization threshold of \$25,000. The District 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.

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When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 5 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position, except for the net residual amounts due between governmental and business-type activities which are presented as internal balances.

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 as long-term obligations.

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 District'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.

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

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 District reports deferred outflows of resources for pension related items.

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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 District reports deferred inflows of resources for pension related items.

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, 2016, 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.

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 District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

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 District's adopted policy, the assistant superintendent of business services or the associate superintendent of administrative services 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 District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Minimum Fund Balance Policy

In fiscal year 2010-2011, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than six 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District 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 \$57,219,036 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are premiums charged to the operating funds to support the health and welfare and workers' compensation coverage. Operating expenses are necessary costs incurred to provide the services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

Estimates

The preparation of the financial statements in conformity 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.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

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 District has implemented the provisions of this Statement as of June 30, 2016.

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.

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.

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JUNE 30, 2016

The provisions in this Statement effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of Statement No. 68 are effective for periods beginning after June 15, 2016.

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 District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

New Accounting Pronouncements

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*.

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

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

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

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 264,429,733
Fiduciary funds	5,756,481
Total Deposits and Investments	<u>\$ 270,186,214</u>

Deposits and investments as of June 30, 2016, consist of the following:

Cash on hand and in banks	\$ 8,115,834
Cash awaiting deposit	2,337,201
Cash in revolving	147,500
Investments with county treasury	257,873,932
Investments with fiscal agent	1,711,747
Total Deposits and Investments	<u>\$ 270,186,214</u>

Policies and Practices

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

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

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

General Authorizations

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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 District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Segmented Time Distribution

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

Investment Type	Fair Value	12 Months or Less	13 - 36 Months	37 - 60 Months	More Than 60 Months
County Pool	\$ 259,785,823	\$ -	\$ 259,785,823	\$ -	\$ -
U.S. Bank Certificates of Participation	1,711,747	1,711,747	-	-	-
Total	\$ 261,497,570	\$ 1,711,747	\$ 259,785,823	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End			
			AAA	AA	A	Unrated
County Pool	\$ 259,785,823	N/A	\$ -	\$ -	\$ -	\$ 259,785,823
U.S. Bank Certificates of Participation	1,711,747	N/A	1,711,747	-	-	-
Total	\$ 261,497,570		\$ 1,711,747	\$ -	\$ -	\$ 259,785,823

N/A - Not applicable

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2016, \$11,958,956 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in U.S. Bank Certificates of Participation of \$1,711,747, the District has a custodial credit risk exposure of \$1,711,747 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Fresno County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S. Bank Certificates of Participation	\$ 1,711,747	\$ 1,711,747	\$ -	\$ -	\$ -
County Pool	259,785,823	-	-	-	259,785,823
Total	<u>\$ 261,497,570</u>	<u>\$ 1,711,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,785,823</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government						
Categorical aid	\$ 8,110,628	\$ -	\$ 671,066	\$ 8,781,694	\$ -	\$ 8,781,694
State Government						
State grants and entitlements	3,644,166	-	659,768	4,303,934	-	4,303,934
Local Sources	<u>5,472,800</u>	<u>143,987</u>	<u>1,351,052</u>	<u>6,967,839</u>	<u>1,164,160</u>	<u>8,131,999</u>
Total	<u>\$17,227,594</u>	<u>\$ 143,987</u>	<u>\$ 2,681,886</u>	<u>\$ 20,053,467</u>	<u>\$ 1,164,160</u>	<u>21,217,627</u>
				Warrant/Pass-Through Receivable		<u>175,239</u>
				Total Entity-Wide Accounts Receivable		<u>\$ 21,392,866</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 77,540,564	\$ -	\$ -	\$ 77,540,564
Construction in progress	106,087,345	16,731,213	10,054	122,808,504
Total Capital Assets Not Being Depreciated	<u>183,627,909</u>	<u>16,731,213</u>	<u>10,054</u>	<u>200,349,068</u>
Capital Assets being depreciated				
Land improvements	115,344,404	3,710,030	-	119,054,434
Buildings and improvements	747,181,235	77,920,123	-	825,101,358
Furniture and equipment	67,486,503	2,231,706	349,550	69,368,659
Total Capital Assets Being Depreciated	<u>930,012,142</u>	<u>83,861,859</u>	<u>349,550</u>	<u>1,013,524,451</u>
Less Accumulated Depreciation				
Land improvements	65,810,475	4,473,196	-	70,283,671
Buildings and improvements	193,065,057	16,867,072	-	209,932,129
Furniture and equipment	29,027,712	4,053,606	349,550	32,731,768
Total Accumulated Depreciation	<u>287,903,244</u>	<u>25,393,874</u>	<u>349,550</u>	<u>312,947,568</u>
Governmental Activities Capital Assets, Net	<u>\$ 825,736,807</u>	<u>\$ 75,199,198</u>	<u>\$ 10,054</u>	<u>\$ 900,925,951</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 14,632,254
School site administration	1,697,501
All other pupil services	3,273,310
Ancillary services	3,069,913
Community services	977,222
All other general administration	575,795
Plant services	1,167,879
Total Depreciation Expenses Governmental Activities	<u>\$ 25,393,874</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2016, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
General	\$ 835,399	\$ 5,582,004
Building	1,140,080	-
Total Major Governmental Funds	<u>1,975,479</u>	<u>5,582,004</u>
Non-Major Governmental Funds		
Charter Schools	-	55,592
Adult Education	281,729	-
Child Development	42,860	541,705
Cafeteria	1,888	170,186
Capital Facilities	169,526	457
County School Facilities	-	1,140,280
Special Reserve Capital Outlay	1,343,779	-
Total Non-Major Governmental Funds	<u>1,839,782</u>	<u>1,908,220</u>
Subtotal All Governmental Funds	<u>3,815,261</u>	<u>7,490,224</u>
Self Insurance Fund	<u>3,707,149</u>	-
Total Governmental Activities	<u>7,522,410</u>	<u>7,490,224</u>
Warrant/Pass-Through Fund	<u>143,053</u>	<u>175,239</u>
Total All Funds	<u>\$ 7,665,463</u>	<u>\$ 7,665,463</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2016, consisted of the following:

The General Fund transferred to the Deferred Maintenance Fund for future repairs and maintenance projects.	\$ 4,500,000
The General Fund transferred to the Building Fund for the COP debt service payment.	1,163,614
The General Fund transferred to the Building Fund for construction project costs.	1,286,650
The General Fund transferred to the Adult Education Fund for the District's Adult Education contribution.	846,880
The General Fund transferred to the Capital Facilities Fund to increase the construction services travel budget.	5,000
The General Fund transferred to the Special Reserve Capital Outlay Fund for construction project costs.	6,366,304
The General Fund transferred to the Special Reserve Capital Outlay Fund for school site furniture and equipment refresh.	1,900,000
The Cafeteria Fund transferred to the Building Fund for construction project costs.	313,042
The Deferred Maintenance Fund transferred to the Building Fund for construction project costs.	125,000
A correction was made to a Building Fund transfer to the County School Facilities Fund for construction project costs.	1,500,282
The Building Fund transferred to the Central Valley School Districts Financing Corporation Fund for the COP debt service payments.	386,988
The Capital Facilities Fund transferred to the General Fund for the three percent administrative fee.	638,110
The Capital Facilities Fund transferred to the Building Fund for construction project costs.	11,149,036
The Bond Interest and Redemption Fund transferred to the Special Reserve Capital Outlay Fund for 2008 matured bond revenue.	350,964
The Special Reserve Capital Outlay Fund transferred to the Building Fund for COP debt service payments.	4,574,848
The Special Reserve Capital Outlay Fund transferred to the General Fund to offset utility costs with solar rebates.	1,000,000
The County School Facilities Fund transferred to the Building Fund for repayment of excessive bond revenue contribution.	2,037,674
The Special Reserve Capital Outlay Fund transferred to the General Fund for athletic equipment costs.	313,433
Total	<u><u>\$ 38,457,825</u></u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 7 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2016, consist of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Acquisition of property	\$ 210,948	\$ 2,000	\$ 9,340	\$ 222,288

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Governmental Funds Total	Internal Service Fund ¹	Total Governmental Activities
Vendor payables	\$ 2,423,294	\$ 6,249,269	\$ 1,434,096	\$ 10,106,659	\$ 1,501,102	\$ 11,607,761
Local control funding formula	3,239,788	-	-	3,239,788	-	3,239,788
Deferred payroll	23,640,268	-	-	23,640,268	-	23,640,268
Workers' compensation claims liability and reserve	10,776,212	-	-	10,776,212	-	10,776,212
Total	<u>\$ 40,079,562</u>	<u>\$ 6,249,269</u>	<u>\$ 1,434,096</u>	<u>\$ 47,762,927</u>	<u>\$ 1,501,102</u>	49,264,029
				Warrant-Pass/Through Payable		143,053
				Total Entity-Wide Accounts Payable		<u>\$ 49,407,082</u>

¹ The health and welfare claims liability reserve is reported separately on the financial statements and totaled \$8,986,276.

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2016, consists of the following:

	<u>General Fund</u>
Federal financial assistance	\$ 51,791
State categorical aid	1,695,491
Local sources	12,143
Total	<u>\$ 1,759,425</u>

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds	\$ 417,796,657	\$ 114,959,904	\$ 27,635,000	\$ 505,121,561	\$ 26,090,000
Bond Premium	-	4,834,922	-	4,834,922	212,862
Certificates of participation	9,428,005	-	1,700,000	7,728,005	1,755,000
Compensated absences	1,525,846	71,823	-	1,597,669	-
Capital leases	2,613,171	1,675,000	1,807,604	2,480,567	1,500,331
Child development portables	315,000	-	63,000	252,000	63,000
Other postemployment benefits-not recognized in Self Insurance Fund	200,682,974	278,432,605	239,859,869	239,255,710	-
Other postemployment benefits-recognized in Self Insurance Fund	20,272,181	-	-	20,272,181	-
Total	<u>\$ 652,633,834</u>	<u>\$ 399,974,254</u>	<u>\$ 271,065,473</u>	<u>\$ 781,542,615</u>	<u>\$ 29,621,193</u>

The general obligation bonds are paid by the Bond Interest and Redemption Fund with local tax revenue. The certificates of participation are paid by the Building Fund and Central Valley School Districts Financing Corporation Fund. Payments on the capital leases and child development portables are made from General Fund, Building Fund and Child Development Fund. Payments on compensated absences and other postemployment benefits are made from the fund which the related employee worked.

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Interest Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2016
10/1/01	2019	9.0%	\$ 49,996,471	\$ 22,575,586	\$ 873,873	\$ 5,570,000	\$ 17,879,459
10/1/02	2028	3.6-5.23%	29,000,256	35,638,797	1,663,602	2,750,000	34,552,399
12/1/04	2030	3.8-6.15%	119,998,286	115,648,538	5,648,740	9,285,000	112,012,278
3/1/06	2031	4.0-5.0%	48,001,060	32,514,772	1,050,094	1,185,000	32,379,866
8/1/08	2016	1.9-4.0%	64,715,000	3,270,000	-	3,270,000	-
5/31/12	2022	2.0-5.0%	17,935,000	17,570,000	-	-	17,570,000
8/15/12	2038	1.0-5.5%	79,996,801	76,860,040	1,065,458	-	77,925,498
7/25/13	2039	2.0-6.12%	49,996,579	48,300,867	587,977	-	48,888,844
8/19/14	2040	3.19-4.52%	64,995,505	65,418,057	480,314	5,575,000	60,323,371
8/6/15	2041	3.37-5.0%	103,007,034	-	103,589,846	-	103,589,846
Total			<u>\$ 627,641,992</u>	<u>\$ 417,796,657</u>	<u>\$ 114,959,904</u>	<u>\$ 27,635,000</u>	<u>\$ 505,121,561</u>

Debt Service Requirements to Maturity

The annual requirement to amortize the Election of 2001, Series A general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2017	\$ 5,915,000	\$ -	\$ 5,915,000
2018	5,964,024	305,976	6,270,000
2019	6,000,435	644,565	6,645,000
Total	<u>\$ 17,879,459</u>	<u>\$ 950,541</u>	<u>\$ 18,830,000</u>

The annual requirement to amortize the Election of 2001, Series B general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2017	\$ 2,810,000	\$ -	\$ 2,810,000
2018	2,751,552	128,448	2,880,000
2019	2,692,005	262,995	2,955,000
2020	2,622,070	402,930	3,025,000
2021	2,552,540	547,460	3,100,000
2022-2026	11,749,230	5,015,770	16,765,000
2027-2028	9,375,002	6,969,998	16,345,000
Total	<u>\$ 34,552,399</u>	<u>\$ 13,327,601</u>	<u>\$ 47,880,000</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The annual requirement to amortize the Election of 2004, Series A general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2017	\$ 9,845,000	\$ -	\$ 9,845,000
2018	9,961,251	473,749	10,435,000
2021	10,202,544	2,227,456	12,430,000
2022-2026	41,380,278	19,709,722	61,090,000
2027-2030	40,623,205	36,511,795	77,135,000
Total	\$ 112,012,278	\$ 58,922,722	\$ 170,935,000

The annual requirement to amortize the Election of 2004, Series B general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ 1,385,000	\$ 443,700	\$ 1,828,700
2018	-	416,000	416,000
2019	-	416,000	416,000
2020	-	416,000	416,000
2021	-	416,000	416,000
2022-2026	8,320,000	1,675,500	9,995,500
Total	\$ 9,705,000	\$ 3,783,200	\$ 13,488,200

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2027	\$ 3,064,074	\$ 1,825,926	\$ 4,890,000
2028	3,090,388	2,089,612	5,180,000
2029	3,113,467	2,381,533	5,495,000
2030	3,138,937	2,676,063	5,815,000
2031	10,268,000	9,732,000	20,000,000
Total	\$ 22,674,866	\$ 18,705,134	\$ 41,380,000

Total 2004, Series B obligation:

\$ 32,379,866

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The annual requirement to amortize the 2012 Refunding general obligation bonds payable, outstanding at June 30, 2016, is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ -	\$ 1,049,550	\$ 1,049,550
2018	-	1,049,550	1,049,550
2019	8,895,000	563,650	9,458,650
2020	4,120,000	290,350	4,410,350
2021	-	202,950	202,950
2022	4,555,000	101,475	4,656,475
Total	<u>\$ 17,570,000</u>	<u>\$ 3,257,525</u>	<u>\$ 20,827,525</u>

The annual requirement to amortize the 2012 Series A general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Current Interest Bond portion:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ -	\$ 2,334,850	\$ 2,334,850
2018	535,000	2,334,850	2,869,850
2019	1,625,000	2,313,450	3,938,450
2020	2,615,000	2,248,450	4,863,450
2021	-	2,143,850	2,143,850
2022-2026	7,680,000	9,761,050	17,441,050
2027-2031	19,475,000	8,105,500	27,580,500
2032-2036	5,260,000	3,953,100	9,213,100
2037-2038	18,845,000	1,146,000	19,991,000
Total	<u>\$ 56,035,000</u>	<u>\$ 34,341,100</u>	<u>\$ 90,376,100</u>

Capital Appreciation Bond portion:

<u>Fiscal Year</u>	<u>Accreted Obligation</u>	<u>Unaccrued Interest</u>	<u>Final Maturity</u>
2022-2026	\$ 7,402,061	\$ 3,032,939	\$ 10,435,000
2027-2031	1,152,570	712,430	1,865,000
2032-2036	13,335,867	20,879,133	34,215,000
Total	<u>\$ 21,890,498</u>	<u>\$ 24,624,502</u>	<u>\$ 46,515,000</u>

Total 2012, Series A obligation:

\$ 77,925,498

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The annual requirement to amortize the 2012 Series B general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2017	\$ -	\$ 1,939,088	\$ 1,939,088
2018	-	1,939,088	1,939,088
2019	-	1,939,088	1,939,088
2020	-	1,939,088	1,939,088
2021	-	1,939,088	1,939,088
2022-2026	-	9,695,436	9,695,436
2027-2031	-	9,695,435	9,695,435
2032-2036	16,850,000	7,223,200	24,073,200
2037-2039	21,320,000	1,320,750	22,640,750
Total	<u>\$ 38,170,000</u>	<u>\$ 37,630,261</u>	<u>\$ 75,800,261</u>

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2021	\$ 1,473,983	\$ 381,017	\$ 1,855,000
2022-2026	4,602,504	2,172,496	6,775,000
2027-2031	4,642,357	4,857,643	9,500,000
Total	<u>\$ 10,718,844</u>	<u>\$ 7,411,156</u>	<u>\$ 18,130,000</u>

Total 2012, Series B obligation:

\$ 48,888,844

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The annual requirement to amortize the 2012 Series C general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Current Interest Bond portion:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ 755,000	\$ 1,934,075	\$ 2,689,075
2018	1,200,000	1,903,875	3,103,875
2019	1,180,000	1,843,875	3,023,875
2020	1,115,000	1,784,875	2,899,875
2021	-	1,729,125	1,729,125
2022-2026	2,430,000	8,224,875	10,654,875
2027-2031	-	8,038,125	8,038,125
2032-2036	11,370,000	7,652,075	19,022,075
2037-2040	29,755,000	3,564,400	33,319,400
Total	<u>\$ 47,805,000</u>	<u>\$ 36,675,300</u>	<u>\$ 84,480,300</u>

Capital Appreciation Bond portion:

<u>Fiscal Year</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Final Maturity</u>
2024-2025	\$ 3,953,271	\$ 1,226,729	\$ 5,180,000
2026-2030	5,670,492	3,709,508	9,380,000
2031-2033	2,894,608	2,870,392	5,765,000
Total	<u>\$ 12,518,371</u>	<u>\$ 7,806,629</u>	<u>\$ 20,325,000</u>

Total 2012, Series C obligation:

\$ 60,323,371

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The annual requirement to amortize the 2012 Series D general obligation bonds payable, outstanding at June 30, 2016, is as follows:

Current Interest Bond portion:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ 5,380,000	\$ 3,597,076	\$ 8,977,076
2018	1,520,000	3,582,300	5,102,300
2019	1,190,000	3,521,500	4,711,500
2020	1,045,000	3,462,000	4,507,000
2021	1,575,000	3,409,750	4,984,750
2022-2026	4,505,000	16,077,250	20,582,250
2027-2031	5,885,000	15,074,250	20,959,250
2032-2036	-	14,057,500	14,057,500
2037-2041	68,525,000	11,384,200	79,909,200
Total	<u>\$ 89,625,000</u>	<u>\$ 74,165,826</u>	<u>\$ 163,790,826</u>

Capital Appreciation Bond portion:

<u>Fiscal Year</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Final Maturity</u>
2031	\$ 1,905,400	\$ 1,594,600	\$ 3,500,000
2032-2036	10,554,188	12,320,812	22,875,000
2037	1,505,258	2,299,742	3,805,000
Total	<u>\$ 13,964,846</u>	<u>\$ 16,215,154</u>	<u>\$ 30,180,000</u>

Total 2012, Series D obligation: \$ 103,589,846

Certificates of Participation

2006 Certificates of Participation

In August 2006, the Central Valley School Districts Financing Corporation issued 2006 Certificates of Participation in the amount of \$7,820,000 with interest rates ranging from 4.00 to 4.50 percent.

The certificates mature through August 2016 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$ 385,000</u>	<u>\$ 8,663</u>	<u>\$ 393,663</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

2010 Certificates of Participation

In June 2010, the Central Valley Support Services JPA issued 2010 Certificates of Participation on behalf of the District in the amount of \$9,365,000 with interest rates ranging from 2.00 to 4.00 percent. As of June 30, 2016, the District drew down funds in the amount of \$8,332,947.

The certificates, in their entirety, mature through November 2021. The District's liability is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,115,000	\$ 195,125	\$ 1,310,125
2018	1,155,000	155,300	1,310,300
2019	1,205,000	108,100	1,313,100
2020	1,250,000	59,000	1,309,000
2021	290,057	25,700	315,757
Total	<u>\$ 5,015,057</u>	<u>\$ 543,225</u>	<u>\$ 5,558,282</u>

2011 Certificates of Participation

In January 2011, the Central Valley Support Services JPA issued 2011 Certificates of Participation on behalf of the District in the amount of \$4,450,000 with interest rates ranging from 2.00 to 4.50 percent. As of June 30, 2016, the District drew down funds in the amount of \$3,890,057.

The certificates, in their entirety, mature through November 2025. The District's liability is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 255,000	\$ 165,900	\$ 420,900
2018	265,000	155,500	420,500
2019	275,000	144,356	419,356
2020	285,000	132,100	417,100
2021	295,000	118,313	413,313
2022-2024	952,948	259,019	1,211,967
Total	<u>\$ 2,327,948</u>	<u>\$ 975,188</u>	<u>\$ 3,303,136</u>

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2016, amounted to \$1,597,669.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2015	\$ 2,613,171
Additions	1,675,000
Payments	1,807,604
Balance, June 30, 2016	<u><u>\$ 2,480,567</u></u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2017	\$ 1,539,672
2018	993,650
Total	<u>2,533,322</u>
Less: Amount Representing Interest	52,755
Present Value of Minimum Lease Payments	<u><u>\$ 2,480,567</u></u>

Child Development Portables

The District financed the purchase of Child Development Portables through the California Department of Education's (CDE) Child Care Facilities Revolving Fund. The agreement with the CDE includes a zero percent interest rate for the portable classrooms. During the term of the repayment, the title to the facilities shall be in the name of the State of California. Title shall pass to the District after repayment of all funds. The District bears all responsibility of maintaining the facilities and keeping the facilities free and clear of any levies, liens and encumbrances.

The loan matures in 2020 and the payments are as follows:

Year Ending June 30,	Payment
2017	\$ 63,000
2018	63,000
2019	63,000
2020	63,000
Total	<u><u>\$ 252,000</u></u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2016, was \$269,594,399, and claims paid by the District during the year were \$10,448,329. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$8,838,206 and \$(229,411,540), respectively, which resulted in an increase to the net OPEB obligation of \$38,572,736. As of June 30, 2016, the net OPEB obligation was \$259,527,891. See Note 13 for additional information regarding the OPEB obligation and the postemployment benefits plan.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 144,000	\$ -	\$ -	\$ 3,500	\$ 147,500
Stores inventories	1,617,746	-	-	278,664	1,896,410
Prepaid expenditures	210,948	2,000	-	9,340	222,288
Total Nonspendable	1,972,694	2,000	-	291,504	2,266,198
Restricted					
Legally restricted programs	2,666,777	-	-	4,904,590	7,571,367
Food service programs	-	-	-	8,449,703	8,449,703
Capital projects	-	56,177,847	-	5,201,863	61,379,710
Debt service	-	-	34,332,930	1,035,495	35,368,425
Child development programs	-	-	-	394,928	394,928
Total Restricted	2,666,777	56,177,847	34,332,930	19,986,579	113,164,133
Committed					
Deferred maintenance program	-	-	-	1,933,962	1,933,962
Total Committed	-	-	-	1,933,962	1,933,962
Assigned					
Bus replacement	1,305,657	-	-	-	1,305,657
Site carryover	4,985,124	-	-	-	4,985,124
Textbooks	3,770,534	-	-	-	3,770,534
Student computer refresh	4,079,770	-	-	-	4,079,770
LCAP supplemental carryover	2,448,250	-	-	-	2,448,250
Child development programs	-	-	-	2,185,019	2,185,019
Capital projects	-	-	-	7,295,196	7,295,196
Total Assigned	16,589,335	-	-	9,480,215	26,069,550
Unassigned	60,413,137	-	-	-	60,413,137
Total	\$ 81,641,943	\$ 56,179,847	\$ 34,332,930	\$ 31,692,260	\$ 203,846,980

NOTE 12 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2016, there were no District major funds that exceeded the budgeted amounts.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 13 - 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 Clovis Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 1,090 retirees and beneficiaries currently receiving benefits and 3,242 active plan members.

Contribution Information

The District provides lifetime postemployment benefits to certificated and classified employees. To qualify, employees hired prior to August 31, 2007, must have 15 benefited service years with the District and attained the age of 55, and employees hired after September 1, 2007, must have 30 benefited service years with the District and attained the age of 55. Dental and vision benefits are provided for five years, but not beyond age 65. Benefits and eligibility for teachers and food service workers are established and amended through collective bargaining with the recognized bargaining agent for each group; and include postemployment health and dental coverage. Benefits and eligibility for administrators, secretaries and general support staff are established and amended by the governing body. For fiscal year 2015-2016, the District paid claims on behalf of retirees totaling \$10,448,329.

Annual OPEB Cost and Net OPEB Obligation

The District's annual 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 District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 269,594,399
Interest on net OPEB obligation	8,838,206
Adjustment to annual required contribution	<u>(229,411,540)</u>
Annual OPEB cost (expense)	49,021,065
Claims paid	<u>(10,448,329)</u>
Increase in net OPEB obligation	38,572,736
Net OPEB obligation, beginning of year	220,955,155
Net OPEB obligation, end of year	<u><u>\$ 259,527,891</u></u>
OPEB obligation reflected in Self Insurance Fund	\$ 20,272,181
Remaining OPEB obligation reflected as full-accrual adjustment	<u>239,255,710</u>
Total OPEB obligation, end of year	<u><u>\$ 259,527,891</u></u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Trend Information

Trend information for annual OPEB cost, 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	OPEB Obligation
2016	\$ 49,021,065	\$ 10,448,329	21.31%	\$ 259,527,891
2015	9,447,211	9,447,211	100.00%	220,955,155
2014	(10,567,700)	57,546,603	-544.55%	220,955,155

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follow:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected 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)
July 1, 2016	\$ -	\$ 259,527,891	\$ 259,527,891	0.00%	\$ 236,480,303	109.75%

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, consistent with the long-term perspective of the calculations.

In the July 1, 2016, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial eight percent to an ultimate rate of five percent. The cost trend rate used for the Dental and Vision programs was four percent and three percent, respectively. The UAAL has been recognized in full by the District.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 14 - RISK MANAGEMENT

Workers' Compensation and Employee Medical Benefits

The District is self-insured for workers' compensation, health, vision and dental programs. The District accounts for and finances its uninsured risks of loss in the General Fund (workers' compensations) and Self Insurance Fund (health and welfare). The General Fund provides coverage for up to a maximum of \$275,000 for each workers' compensation claim and the Self Insurance Fund provides coverage for up to \$350,000 for each health insurance claim. The District purchases commercial insurance for claims in excess of coverage provided by the General Fund and Self Insurance Fund and for all other risks of loss.

All funds of the District, which reflect salary costs, participate in the program and make payments to the General Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$10,776,212 reported in the General Fund at June 30, 2016, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2016, the District contracted with the Schools Excess Liability Fund (SELF) and the Alliance of Schools for Cooperative Insurance Programs (ASCIP) 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.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2014 to June 30, 2016:

	Workers' Compensation/ Health and Welfare
Liability Balance, July 1, 2014	\$ 17,009,238
Claims and changes in estimates	54,985,564
Claims payments	54,040,008
Liability Balance, June 30, 2015	17,954,794
Claims and changes in estimates	62,424,738
Claims payments	60,617,044
Liability Balance, June 30, 2016	<u>\$ 19,762,488</u>
Health and welfare claims liability and reserve - Self Insurance Fund	\$ 8,986,276
Workers' compensation claims liability and reserve - General Fund	10,776,212
Total Liability Balance, June 30, 2016	<u>\$ 19,762,488</u>

NOTE 15 - 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).

For the fiscal year ended June 30, 2016, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 236,088,495	\$ 52,185,269	\$ 41,791,703	\$ 20,761,650
CalPERS	80,561,650	31,198,129	20,939,824	14,849,859
Total	<u>\$ 316,650,145</u>	<u>\$ 83,383,398</u>	<u>\$ 62,731,527</u>	<u>\$ 35,611,509</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District 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, 2014, 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.

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

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
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	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.12589%	7.12589%

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, 2016, are presented above and the District's total contributions were \$18,423,302.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District 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 District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 236,088,495
State's proportionate share of the net pension liability associated with the District	<u>124,864,788</u>
Total	<u><u>\$ 360,953,283</u></u>

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively, was 0.351 percent and 0.326 percent, resulting in a net increase in the proportionate share of 0.0250 percent.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$20,761,650. In addition, the District recognized pension expense and revenue of \$9,338,087 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Combined Deferred Outflows of Resources	Combined Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 18,423,302	\$ -
Net change in proportionate share of net pension liability	15,160,407	-
Difference between projected and actual earnings on pension plan investments	18,601,560	37,846,609
Differences between expected and actual experience in the measurement of the total pension liability	-	3,945,095
Total	<u>\$ 52,185,269</u>	<u>\$ 41,791,703</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Combined Deferred Outflows of Resources
2017	\$ (7,965,146)
2018	(7,965,146)
2019	(7,965,146)
2020	4,650,389
Total	<u>\$ (19,245,049)</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Combined Deferred Inflows of Resources
2017	\$ 1,869,219
2018	1,869,219
2019	1,869,219
2020	1,869,219
2012	1,869,219
Thereafter	1,869,217
Total	<u>\$ 11,215,312</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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
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.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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's 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 independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (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 ten-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:

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 District'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%)	\$ 356,475,252
Current discount rate (7.60%)	\$ 236,088,495
1% increase (8.60%)	\$ 136,037,386

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2014 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. 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, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
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	11.847%	11.847%

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 District 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, 2016, are presented above and the total District contributions were \$7,625,408.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$80,561,650. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.5465 percent and 0.5259 percent, resulting in a net increase in the proportionate share of 0.0206 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$14,849,859. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Combined Deferred Outflows of Resources	Combined Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,625,408	\$ -
Net change in proportionate share of net pension liability	5,737,111	-
Difference between projected and actual earnings on pension plan investments	13,231,393	15,989,893
Differences between expected and actual experience in the measurement of the total pension liability	4,604,217	-
Changes of assumptions	-	4,949,932
Total	<u>\$ 31,198,129</u>	<u>\$ 20,939,824</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (2,022,116)
2018	(2,022,116)
2019	(2,022,116)
2020	3,307,848
Total	<u>\$ (2,758,500)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and the differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ 2,386,038
2018	2,386,038
2019	619,320
Total	<u>\$ 5,391,396</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

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	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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 District'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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.65%)	\$ 131,120,796
Current discount rate (7.65%)	\$ 80,561,650
1% increase (8.65%)	\$ 38,518,341

APPLE

Plan Description

The APPLE program applies to all part-time employees working less than 20 hours per week and are not eligible for CalPERS or CalSTRS retirement programs. This includes all part-time classified and certificated employees working less than 20 hours, as well as substitute employees.

Employees are eligible for plan benefits upon termination with the District and have the option of rolling over their benefit into an individual retirement account or receiving a direct payment. Those with account balances of less than \$3,500 and who do not indicate which alternative they choose will receive a direct distribution from the plan.

Funding Policy

Participants in APPLE are required to contribute 3.75 percent of gross salary to APPLE. The District is required to contribute 3.75 percent of gross salary expenditures to APPLE. The District's contributions to APPLE for the fiscal year ending June 30, 2016, 2015, 2014 were \$203,810, \$718,565, and \$285,495, respectively.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$10,358,020 (7.12589 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.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District 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 District at June 30, 2016.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. All of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Construction Commitments

As of June 30, 2016, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Cedarwood modernization	\$ 3,396,182	11/20/2016
Century modernization	3,945,810	10/24/2016
Fancher Creek modernization	2,308,156	12/30/2016
Clovis Adult modernization	336,493	12/31/2016
Liberty modernization	3,604,470	2/13/2017
Kastner modernization	70,096	12/31/2016
Gateway modernization	2,277,137	11/30/2016
Mickey Cox modernization	4,243,526	1/23/2017
Clovis West High School CTE financial	1,094,451	10/24/2016
Reagan Educational Center modernization	345,248	11/23/2016
Reagan Educational Center phase II modernization	2,497,559	11/23/2016
Technology Center new construction	2,231,042	2/1/2017
Temperance/Clinton new construction	1,871,174	12/31/2016
Total	\$ 28,221,344	

NOTE 17 - PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the Schools Excess Liability Fund (SELF), Alliance of Schools for Cooperative Insurance Programs (ASCIP), Central Valley Support Services (CVSS), and the Center for Advanced Research & Technology (CART) joint powers authorities (JPAs). The District pays an annual premium to ASCIP for its property liability coverage. Payments for services received from JPAs are paid to CVSS and CART. The relationships between the District and the JPAs are such that they are not component units of the District 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 District are included in these statements. Audited financial statements are generally available from the respective entities.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

One designee for each district votes for a 16 member Board of Directors for SELF.

During the year ended June 30, 2016, the District made no payments to SELF for liability insurance coverage.

Eleven voting members of the ASCIP Executive Committee appointed by the member districts.

During the year ended June 30, 2016, the District made payments of \$3,088,412 to ASCIP for property and liability insurance coverage.

The Governing Board of CVSS shall consist of a District representative appointed by the Superintendent and a member of the operations staff of each educational agency holding membership in CVSS selected by that agency, and the Treasurer of CVSS.

The Governing Board of CART is comprised of representatives from the member public educational agencies and related associations.

During the year ended June 30, 2016, the District made payments of \$808,551 to CART for the financing and operation of a joint technical center for high school age students.

REQUIRED SUPPLEMENTARY INFORMATION

CLOVIS UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variances -
	Original	Final	Actual	Favorable
				(Unfavorable)
				Final
				to Actual
REVENUES				
Local Control Funding Formula	\$ 313,467,083	\$ 316,898,092	\$ 317,072,679	\$ 174,587
Federal sources	15,110,999	16,772,180	16,956,331	184,151
Other State sources	56,835,130	70,168,138	70,168,138	-
Other local sources	12,293,397	17,191,497	16,832,759	(358,738)
Total Revenues	397,706,609	421,029,907	421,029,907	-
EXPENDITURES				
Current				
Certificated salaries	167,720,231	168,449,145	168,449,145	-
Classified salaries	61,297,355	67,574,967	67,574,967	-
Employee benefits	83,907,300	94,715,212	94,715,212	-
Books and supplies	29,452,334	19,515,914	19,515,914	-
Services and operating expenditures	26,182,582	26,570,814	26,570,814	-
Other outgo	(391,277)	(531,940)	(531,940)	-
Capital outlay	24,122,075	1,521,548	1,521,548	-
Debt service - principal	1,405,317	1,369,760	1,369,760	-
Debt service - interest	33,870	20,501	20,501	-
Total Expenditures	393,729,787	379,205,921	379,205,921	-
Excess of Revenues Over Expenditures	3,976,822	41,823,986	41,823,986	-
Other Financing Sources (Uses)				
Transfers in	1,404,041	1,951,543	1,951,543	-
Other sources	1,675,000	1,675,912	1,675,912	-
Transfers out	(6,926,885)	(16,068,448)	(16,068,448)	-
Net Financing Sources (Uses)	(3,847,844)	(12,440,993)	(12,440,993)	-
NET CHANGE IN FUND BALANCES	128,978	29,382,993	29,382,993	-
Fund Balance -Beginning	52,258,950	52,258,950	52,258,950	-
Fund Balance - Ending	\$ 52,387,928	\$ 81,641,943	\$ 81,641,943	\$ -

See accompanying note to required supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected 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)
July 1, 2016	\$ -	\$ 259,527,891	\$ 259,527,891	0.00%	\$ 236,064,723	109.94%
July 1, 2014	\$ -	\$ 220,955,155	\$ 220,955,155	0.00%	\$ 194,851,256	113.40%
July 1, 2012	\$ -	\$ 167,594,127	\$ 167,594,127	0.00%	\$ 153,061,973	109.49%

See accompanying note to required supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
CalSTRS		
District's proportion of the net pension liability (asset)	<u>0.3507%</u>	<u>0.3264%</u>
District's proportionate share of the net pension liability (asset)	\$ 236,088,495	\$ 190,731,688
State's proportionate share of the net pension liability (asset) associated with the District	<u>124,864,788</u>	<u>115,172,028</u>
Total	<u>\$ 360,953,283</u>	<u>\$ 305,903,716</u>
District's covered - employee payroll	<u>\$ 163,040,743</u>	<u>\$ 150,043,685</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>144.80%</u>	<u>127.12%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>77%</u>
CalPERS		
District's proportion of the net pension liability (asset)	<u>0.5465%</u>	<u>0.5259%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 80,561,650</u>	<u>\$ 59,703,034</u>
District's covered - employee payroll	<u>\$ 60,511,656</u>	<u>\$ 55,215,032</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>133.13%</u>	<u>108.13%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79%</u>	<u>83%</u>

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

See accompanying note to required supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
CalSTRS		
Contractually required contribution	\$ 18,423,302	\$ 14,478,017
Contributions in relation to the contractually required contribution	<u>18,423,302</u>	<u>14,478,017</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 171,698,993</u>	 <u>\$ 163,040,743</u>
 Contributions as a percentage of covered - employee payroll	 <u>10.73%</u>	 <u>8.88%</u>
 CalPERS		
Contractually required contribution	\$ 7,625,408	\$ 7,122,827
Contributions in relation to the contractually required contribution	<u>7,625,408</u>	<u>7,122,827</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 64,365,730</u>	 <u>\$ 60,511,656</u>
 Contributions as a percentage of covered - employee payroll	 <u>11.847%</u>	 <u>11.771%</u>

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

See accompanying note to required supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

NOTE 2 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Indian Education	84.060	10011	\$ 88,523
Pell Grant	84.063	[1]	461,202
Passed Through California Department of Education:			
Adult Education			
Basic	84.002A	14508	189,379
Secondary Education	84.002	13978	293,612
English Literacy and Civics Education	84.002A	14109	37,263
No Child Left Behind Act			
Title I, Part A, Basic	84.010	14329	6,332,877
Title I, Part D, Local Delinquent Programs	84.010	14357	42,295
Title I, Program Improvement Schools	84.010	14955	68,883
Title I, Part C, Migrant	84.011	14326	73,555
Title I, Part G, Advanced Placement Fee Program	84.389	15004	33,825
Subtotal Title I Programs			<u>6,551,435</u>
Title II, Part A, Improving Teacher Quality	84.367	14341	681,736
Title II, Part B, Math and Science Partnerships	84.366	14512	921,435
Title III, Limited English Proficient	84.365	14346	243,791
Title III, Immigrant Education	84.365	15146	41,417
Title IV, Part B, 21st Century Community Learning Centers Program	84.186	14347	110,596
Special Education Cluster			
IDEA, Part B Basic Local Assistance	84.027	13379	5,410,799
IDEA, Part B, Preschool Local Entitlement	84.027A	13682	727,632
IDEA, Part B, Preschool Grants	84.173	13430	97,219
IDEA, Part B, Alternative Dispute Resolution	84.173A	13007	8,837
IDEA, Part B, Mental Health Allocation	84.027A	14468	457,134
IDEA, Part B, Preschool Staff Development	84.173A	13431	1,663
Subtotal Special Education Cluster			<u>6,703,284</u>
IDEA, Part C, Early Intervention	84.181	24314	<u>81,623</u>

[1] Pass-Through Entity Identifying Number not available
N/A - Not applicable

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION, Continued			
Passed Through California Department of Education:			
Vocational Educational Programs			
Carl D. Perkins Career and Technical Education, Secondary 131	84.048	14894	\$ 251,243
Perkins Career and Technical Education Improvement Act of 2006 Rural Community Equipment Grants	84.048	15295	52,554
Workability II, Transitions Partnership	84.126	10006	156,608
Subtotal U.S. Department of Education			<u>16,865,700</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	7,006,693
Basic Breakfast	10.553	13525	60,178
Especially Needy Breakfast	10.553	13526	1,580,662
Meals Supplements - Snack	10.555	13391	174,893
Summer Food Program	10.559	13004	135,900
Food Distribution - Commodities	10.555	13391	1,036,810
Subtotal Child Nutrition Cluster			<u>9,995,136</u>
Subtotal U.S. Department of Agriculture			<u>9,995,136</u>
U.S. DEPARTMENT OF DEFENSE			
Air Force Junior ROTC	12.357	N/A	43,619
Subtotal U.S. Department of Defense			<u>43,619</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medicaid Programs:			
Medi-Cal Billing Option	93.778	10013	765,418
Medi-Cal Administrative Assistance	93.778	10060	315,603
Subtotal Medicaid Programs			<u>1,081,021</u>
Subtotal U.S. Department of Health and Human Services			1,081,021
Total Federal Programs			<u><u>\$ 27,985,476</u></u>

[1] Pass-Through Entity Identifying Number not available
N/A - Not applicable

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2016

ORGANIZATION

The Clovis Unified School District was established in 1960 and consists of an area comprising approximately 198 square miles. The District operates thirty-two elementary schools, five intermediate schools, five high schools, three alternative education schools, one adult school, the Clovis Online Charter School and the Center for Advanced Research and Technology as a joint high school with Fresno Unified School District. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Christopher Casado	President	2016
Sandra A. Bengel	Vice-President	2018
Jim Van Volkinburg D.D.S.	Clerk	2018
Ginny L. Hovsepian	Member	2016
Brian D. Heryford	Member	2016
Richard Lake, C.P.A.	Member	2016
Elizabeth J. Sandoval	Member	2018

ADMINISTRATION

Janet Young, Ed.D.	Superintendent
Carlo Prandini, Ph.D.	Deputy Superintendent
Michael Johnston	Associate Superintendent, Administrative Services
Barry Jager	Associate Superintendent, Human Resources & Employee Relations
Norm Anderson	Associate Superintendent, School Leadership
Michael Clear	Assistant Superintendent, Business Services
Susan Rutledge	Director of Budget & Finance

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2016**

	Second Period Report	Annual Report
CLOVIS UNIFIED SCHOOL DISTRICT		
Regular ADA		
Transitional kindergarten through third	12,246.83	12,248.82
Fourth through sixth	9,331.71	9,330.27
Seventh and eighth	6,245.45	6,231.67
Ninth through twelfth	12,068.88	11,934.60
Total Regular ADA	<u>39,892.87</u>	<u>39,745.36</u>
Extended Year Special Education		
Transitional kindergarten through third	17.57	17.57
Fourth through sixth	9.90	9.90
Seventh and eighth	2.85	2.85
Ninth through twelfth	14.10	14.10
Total Extended Year Special Education	<u>44.42</u>	<u>44.42</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.42	1.31
Fourth through sixth	3.31	3.01
Seventh and eighth	4.08	4.58
Ninth through twelfth	4.41	5.29
Total Special Education, Nonpublic, Nonsectarian Schools	<u>13.22</u>	<u>14.19</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.04	0.04
Fourth through sixth	0.05	0.05
Seventh and eighth	0.13	0.13
Ninth through twelfth	0.23	0.23
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.45</u>	<u>0.45</u>
Community Day School		
Fourth through sixth	11.06	11.38
Seventh and eighth	20.67	20.78
Ninth through twelfth	44.60	41.69
Total Community Day School	<u>76.33</u>	<u>73.85</u>
Total ADA	<u><u>40,027.29</u></u>	<u><u>39,878.27</u></u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE, Continued
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Second Period Report</u>	<u>Annual Report</u>
CLOVIS ONLINE CHARTER SCHOOL		
Regular ADA		
Seventh and eighth	44.54	48.51
Ninth through twelfth	268.04	276.59
Total ADA (Non-Classroom Based)	<u>312.58</u>	<u>325.10</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Grade Level</u>	<u>1986-1987 Minutes Requirement</u>	<u>2015-2016 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	36,065	180	Complied
Grades 1 - 3	50,400			
Grade 1		56,550	180	Complied
Grade 2		56,550	180	Complied
Grade 3		56,550	180	Complied
Grades 4 - 8	54,000			
Grade 4		56,510	180	Complied
Grade 5		56,510	180	Complied
Grade 6		56,510	180	Complied
Grade 7		62,899	181	Complied
Grade 8		62,899	181	Complied
Grades 9 - 12	64,800			
Grade 9		65,187	181	Complied
Grade 10		65,187	181	Complied
Grade 11		65,187	181	Complied
Grade 12		65,187	181	Complied

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

There were no adjustments to the Unaudited Actual Financial Report which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

	(Budget) 2017 ¹	2016	2015	2014 ³
GENERAL FUND				
Revenues	\$ 413,574,234	\$ 421,029,907	\$ 349,857,238	\$ 321,321,110
Other sources and transfers in	2,658,573	3,627,455	3,019,514	-
Total Revenues	<u>416,232,807</u>	<u>424,657,362</u>	<u>352,876,752</u>	<u>321,321,110</u>
Expenditures	394,243,962	379,205,921	347,244,096	313,823,424
Other uses and transfers out	7,837,359	16,068,448	6,126,886	11,127,883
Total Expenditures and Other Uses	<u>402,081,321</u>	<u>395,274,369</u>	<u>353,370,982</u>	<u>324,951,307</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ 14,151,486</u>	<u>\$ 29,382,993</u>	<u>\$ (494,230)</u>	<u>\$ (3,630,197)</u>
ENDING FUND BALANCE	<u>\$ 95,793,429</u>	<u>\$ 81,641,943</u>	<u>\$ 52,258,950</u>	<u>\$ 52,753,180</u>
AVAILABLE RESERVES ²	<u>\$ 86,199,623</u>	<u>\$ 60,413,137</u>	<u>\$ 41,902,962</u>	<u>\$ 46,138,952</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	<u>21.4%</u>	<u>15.3%</u>	<u>11.9%</u>	<u>14.2%</u>
LONG-TERM OBLIGATIONS	<u>Not Available</u>	<u>\$ 781,542,615</u>	<u>\$ 652,633,834</u>	<u>\$ 603,749,012</u>
AVERAGE DAILY ATTENDANCE AT P-2	<u>40,449</u>	<u>40,027</u>	<u>39,379</u>	<u>38,951</u>

The General Fund balance has increased by \$28,888,763 over the past two years. The fiscal year 2016-2017 budget projects an increase of \$14,151,486 (17.33 percent). For a district this size, the State recommends available reserves of at least 2.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years but anticipates incurring an operating surplus during the 2016-2017 fiscal year. Total long-term obligations have increased by \$177,793,603 over the past two years due primarily to the issuance of General Obligation Bonds.

Average daily attendance has increased by 1,076 over the past two years. Additional growth of 422 ADA is anticipated during fiscal year 2016-2017.

¹ Budget 2017 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ The long-term obligations were restated for 2014 due to prior year adjustments.

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Clovis Online School (Charter School Number 1006)	Yes

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

	Charter School Fund	Adult Education Fund	Child Development Fund
ASSETS			
Deposits and investments	\$ 1,867,134	\$ 2,350,476	\$ 2,665,874
Receivables	41,456	480,058	461,523
Due from other funds	-	281,729	42,860
Prepaid expenses	-	2,940	6,400
Stores inventories	-	45,914	-
Total Assets	\$ 1,908,590	\$ 3,161,117	\$ 3,176,657
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 20,251	\$ 36,920	\$ 48,605
Due to other funds	55,592	-	541,705
Total Liabilities	75,843	36,920	590,310
Fund Balances:			
Nonspendable	-	52,354	6,400
Restricted	1,832,747	3,071,843	394,928
Committed	-	-	-
Assigned	-	-	2,185,019
Total Fund Balances	1,832,747	3,124,197	2,586,347
Total Liabilities and Fund Balances	\$ 1,908,590	\$ 3,161,117	\$ 3,176,657

See accompanying note to supplementary information.

Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund
\$ 8,545,569	\$ 2,273,780	\$ 3,573,401	\$ 2,721,870	\$ 5,194,850
440,220	3,404	37,049	46,274	1,168,357
1,888	-	169,526	-	1,343,779
-	-	-	-	-
232,750	-	-	-	-
<u>\$ 9,220,427</u>	<u>\$ 2,277,184</u>	<u>\$ 3,779,976</u>	<u>\$ 2,768,144</u>	<u>\$ 7,706,986</u>
\$ 367,788	\$ 343,222	\$ 37,697	\$ 167,823	\$ 411,790
170,186	-	457	1,140,280	-
<u>537,974</u>	<u>343,222</u>	<u>38,154</u>	<u>1,308,103</u>	<u>411,790</u>
232,750	-	-	-	-
8,449,703	-	3,741,822	1,460,041	-
-	1,933,962	-	-	-
-	-	-	-	7,295,196
<u>8,682,453</u>	<u>1,933,962</u>	<u>3,741,822</u>	<u>1,460,041</u>	<u>7,295,196</u>
<u>\$ 9,220,427</u>	<u>\$ 2,277,184</u>	<u>\$ 3,779,976</u>	<u>\$ 2,768,144</u>	<u>\$ 7,706,986</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

	Central Valley School Districts Financing Corporation Fund	Total Non-Major Governmental Funds
ASSETS		
Deposits and investments	\$ 1,031,950	\$ 30,224,904
Receivables	3,545	2,681,886
Due from other funds	-	1,839,782
Prepaid expenses	-	9,340
Stores inventories	-	278,664
Total Assets	\$ 1,035,495	\$ 35,034,576
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 1,434,096
Due to other funds	-	1,908,220
Total Liabilities	-	3,342,316
Fund Balances:		
Nonspendable	-	291,504
Restricted	1,035,495	19,986,579
Committed	-	1,933,962
Assigned	-	9,480,215
Total Fund Balances	1,035,495	31,692,260
Total Liabilities and Fund Balances	\$ 1,035,495	\$ 35,034,576

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	Charter School Fund	Adult Education Fund
REVENUES		
Local Control Funding Formula	\$ 2,642,792	\$ -
Federal sources	-	1,034,009
Other State sources	269,030	1,952,658
Other local sources	24,334	2,681,209
Total Revenues	2,936,156	5,667,876
EXPENDITURES		
Current		
Instruction	1,354,548	2,749,605
Instruction-related activities:		
Supervision of instruction	1,863	561,460
Instructional library, media, and technology	66,778	66,685
School site administration	469,950	1,170,977
Pupil services:		
Food services	-	-
All other pupil services	161,063	172,571
Administration:		
All other administration	46,095	105,388
Plant services	31,850	306,486
Facility acquisition and construction	-	-
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures	2,132,147	5,133,172
Excess (Deficiency) of Revenues Over Expenditures	804,009	534,704
Other Financing Sources (Uses)		
Transfers in	-	846,880
Other sources	-	-
Transfers out	-	-
Net Other Financing Sources (Uses)	-	846,880
NET CHANGE IN FUND BALANCES	804,009	1,381,584
Fund Balance - Beginning	1,028,738	1,742,613
Fund Balance - Ending	\$ 1,832,747	\$ 3,124,197

See accompanying note to supplementary information.

Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	8,958,326	-	-	-
3,615,267	712,549	-	-	3,722,624
6,487,490	3,963,945	11,539	10,632,146	135,058
<u>10,102,757</u>	<u>13,634,820</u>	<u>11,539</u>	<u>10,632,146</u>	<u>3,857,682</u>
7,534,539	-	-	-	-
1,496,446	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	12,431,629	-	-	-
118,264	-	-	-	-
518,306	635,100	-	16,503	-
251,655	-	1,020,511	1,894,361	24,697
-	-	1,683,302	5,377,773	2,980,445
63,000	-	-	-	-
-	-	-	-	-
<u>9,982,210</u>	<u>13,066,729</u>	<u>2,703,813</u>	<u>7,288,637</u>	<u>3,005,142</u>
<u>120,547</u>	<u>568,091</u>	<u>(2,692,274)</u>	<u>3,343,509</u>	<u>852,540</u>
-	-	4,500,000	5,000	1,500,282
252,000	-	-	-	-
-	(313,042)	(125,000)	(11,787,146)	(2,037,674)
<u>252,000</u>	<u>(313,042)</u>	<u>4,375,000</u>	<u>(11,782,146)</u>	<u>(537,392)</u>
372,547	255,049	1,682,726	(8,438,637)	315,148
2,213,800	8,427,404	251,236	12,180,459	1,144,893
<u>\$ 2,586,347</u>	<u>\$ 8,682,453</u>	<u>\$ 1,933,962</u>	<u>\$ 3,741,822</u>	<u>\$ 1,460,041</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Reserve Capital Outlay Fund	Central Valley School Districts Financing Corporation Fund
REVENUES		
Local Control Funding Formula	\$ -	\$ -
Federal sources	-	-
Other State sources	3,304,710	-
Other local sources	2,796,473	11,816
Total Revenues	6,101,183	11,816
EXPENDITURES		
Current		
Instruction	-	-
Instruction-related activities:		
Supervision of instruction	-	-
Instructional library, media, and technology	-	-
School site administration	-	-
Pupil services:		
Food services	-	-
All other pupil services	-	-
Administration:		
All other administration	-	-
Plant services	1,179,800	-
Facility acquisition and construction	9,338,568	-
Debt service		
Principal	-	370,000
Interest and other	-	16,988
Total Expenditures	10,518,368	386,988
Excess (Deficiency) of Revenues Over Expenditures	(4,417,185)	(375,172)
Other Financing Sources (Uses)		
Transfers in	8,617,268	386,988
Other sources	-	-
Transfers out	(5,888,281)	-
Net Other Financing Sources (Uses)	2,728,987	386,988
NET CHANGE IN FUND BALANCES	(1,688,198)	11,816
Fund Balance - Beginning	8,983,394	1,023,679
Fund Balance - Ending	\$ 7,295,196	\$ 1,035,495

See accompanying note to supplementary information.

Total Non-Major Governmental Funds	
\$ 2,642,792	
9,992,335	
13,576,838	
26,744,010	
52,955,975	
11,638,692	
2,059,769	
133,463	
1,640,927	
12,431,629	
451,898	
1,321,392	
4,709,360	
19,380,088	
433,000	
16,988	
54,217,206	
(1,261,231)	
15,856,418	
252,000	
(20,151,143)	
(4,042,725)	
(5,303,956)	
36,996,216	
\$ 31,692,260	

CLOVIS UNIFIED SCHOOL DISTRICT

**AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

	Warrant/ Pass-Through Fund	Associated Student Body Funds	Total
ASSETS			
Cash in county treasury	\$ 3,680,288	\$ 2,076,193	\$ 5,756,481
Due from other funds	143,053	-	143,053
Total Assets	\$ 3,823,341	\$ 2,076,193	\$ 5,899,534
LIABILITIES			
Due to other funds	\$ 175,239	\$ -	\$ 175,239
Due to student groups/other agencies	3,648,102	2,076,193	5,724,295
Total Liabilities	\$ 3,823,341	\$ 2,076,193	\$ 5,899,534

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
STUDENT BODY FUNDS
JUNE 30, 2016**

	<u>High Schools</u>	<u>Intermediate Schools</u>	<u>Elementary Schools</u>	<u>Total</u>
ASSETS				
Cash on hand and in banks	\$ 1,106,143	\$ 305,494	\$ 664,556	\$ 2,076,193
Total Assets	<u>\$ 1,106,143</u>	<u>\$ 305,494</u>	<u>\$ 664,556</u>	<u>\$ 2,076,193</u>
LIABILITIES				
Due to student groups				
Club accounts	\$ 486,608	\$ 97,539	\$ -	\$ 584,147
General ASB accounts	619,535	207,955	664,556	1,492,046
Total due to student groups	<u>1,106,143</u>	<u>305,494</u>	<u>664,556</u>	<u>2,076,193</u>
Total Liabilities	<u>\$ 1,106,143</u>	<u>\$ 305,494</u>	<u>\$ 664,556</u>	<u>\$ 2,076,193</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR
HIGH SCHOOL AND INTERMEDIATE SCHOOL STUDENT BODY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
HIGH SCHOOLS				
ASSETS				
Cash on Hand and in Banks	\$ 1,028,116	\$ 4,174,570	\$ 4,096,543	\$ 1,106,143
Total Assets	<u>\$ 1,028,116</u>	<u>\$ 4,174,570</u>	<u>\$ 4,096,543</u>	<u>\$ 1,106,143</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 517,572	\$ 1,026,736	\$ 1,057,700	\$ 486,608
General ASB Accounts	510,544	3,147,834	3,038,843	619,535
Total Due to Student Groups	<u>1,028,116</u>	<u>4,174,570</u>	<u>4,096,543</u>	<u>1,106,143</u>
Total Liabilities	<u>\$ 1,028,116</u>	<u>\$ 4,174,570</u>	<u>\$ 4,096,543</u>	<u>\$ 1,106,143</u>
INTERMEDIATE SCHOOLS				
ASSETS				
Cash on Hand and in Banks	\$ 275,250	\$ 788,990	\$ 758,746	\$ 305,494
Total Assets	<u>\$ 275,250</u>	<u>\$ 788,990</u>	<u>\$ 758,746</u>	<u>\$ 305,494</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 94,956	\$ 247,971	\$ 245,388	\$ 97,539
General ASB Accounts	180,294	541,019	513,358	207,955
Total Due to Student Groups	<u>275,250</u>	<u>788,990</u>	<u>758,746</u>	<u>305,494</u>
Total Liabilities	<u>\$ 275,250</u>	<u>\$ 788,990</u>	<u>\$ 758,746</u>	<u>\$ 305,494</u>
TOTALS				
ASSETS				
Cash on Hand and in Banks	\$ 1,303,366	\$ 4,963,560	\$ 4,855,289	\$ 1,411,637
Total Assets	<u>\$ 1,303,366</u>	<u>\$ 4,963,560</u>	<u>\$ 4,855,289</u>	<u>\$ 1,411,637</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 612,528	\$ 1,274,707	\$ 1,303,088	\$ 584,147
General ASB Accounts	690,838	3,688,853	3,552,201	827,490
Total Due to Student Groups	<u>1,303,366</u>	<u>4,963,560</u>	<u>4,855,289</u>	<u>1,411,637</u>
Total Liabilities	<u>\$ 1,303,366</u>	<u>\$ 4,963,560</u>	<u>\$ 4,855,289</u>	<u>\$ 1,411,637</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
HIGH SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Buchanan High School				
ASSETS				
Cash on Hand and in Banks	\$ 262,654	\$ 949,783	\$ 946,785	\$ 265,652
Total Assets	<u>\$ 262,654</u>	<u>\$ 949,783</u>	<u>\$ 946,785</u>	<u>\$ 265,652</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 136,547	\$ 163,080	\$ 174,352	\$ 125,275
General ASB Accounts	126,107	786,703	772,433	140,377
Total Due to Student Groups	<u>262,654</u>	<u>949,783</u>	<u>946,785</u>	<u>265,652</u>
Total Liabilities	<u>\$ 262,654</u>	<u>\$ 949,783</u>	<u>\$ 946,785</u>	<u>\$ 265,652</u>
Clovis High School				
ASSETS				
Cash on Hand and in Banks	\$ 240,159	\$ 950,161	\$ 911,891	\$ 278,429
Total Assets	<u>\$ 240,159</u>	<u>\$ 950,161</u>	<u>\$ 911,891</u>	<u>\$ 278,429</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 134,103	\$ 186,243	\$ 192,604	\$ 127,742
General ASB Accounts	106,056	763,918	719,287	150,687
Total Due to Student Groups	<u>240,159</u>	<u>950,161</u>	<u>911,891</u>	<u>278,429</u>
Total Liabilities	<u>\$ 240,159</u>	<u>\$ 950,161</u>	<u>\$ 911,891</u>	<u>\$ 278,429</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
HIGH SCHOOLS, Continued
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Clovis East High School				
ASSETS				
Cash on Hand and in Banks	\$ 128,956	\$ 525,857	\$ 496,284	\$ 158,529
Total Assets	<u>\$ 128,956</u>	<u>\$ 525,857</u>	<u>\$ 496,284</u>	<u>\$ 158,529</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 69,002	\$ 175,652	\$ 174,635	\$ 70,019
General ASB Accounts	59,954	350,205	321,649	88,510
Total Due to Student Groups	<u>128,956</u>	<u>525,857</u>	<u>496,284</u>	<u>158,529</u>
Total Liabilities	<u>\$ 128,956</u>	<u>\$ 525,857</u>	<u>\$ 496,284</u>	<u>\$ 158,529</u>
Clovis North High School				
ASSETS				
Cash on Hand and in Banks	\$ 224,403	\$ 1,070,485	\$ 1,039,384	\$ 255,504
Total Assets	<u>\$ 224,403</u>	<u>\$ 1,070,485</u>	<u>\$ 1,039,384</u>	<u>\$ 255,504</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 73,600	\$ 354,443	\$ 337,034	\$ 91,009
General ASB Accounts	150,803	716,042	702,350	164,495
Total Due to Student Groups	<u>224,403</u>	<u>1,070,485</u>	<u>1,039,384</u>	<u>255,504</u>
Total Liabilities	<u>\$ 224,403</u>	<u>\$ 1,070,485</u>	<u>\$ 1,039,384</u>	<u>\$ 255,504</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
HIGH SCHOOLS, Continued
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Clovis West High School				
ASSETS				
Cash on Hand and in Banks	\$ 150,116	\$ 668,236	\$ 694,074	\$ 124,278
Total Assets	<u>\$ 150,116</u>	<u>\$ 668,236</u>	<u>\$ 694,074</u>	<u>\$ 124,278</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 104,320	\$ 147,318	\$ 179,075	\$ 72,563
General ASB Accounts	45,796	520,918	514,999	51,715
Total Due to Student Groups	<u>150,116</u>	<u>668,236</u>	<u>694,074</u>	<u>124,278</u>
Total Liabilities	<u>\$ 150,116</u>	<u>\$ 668,236</u>	<u>\$ 694,074</u>	<u>\$ 124,278</u>
Gateway Continuation School				
ASSETS				
Cash on Hand and in Banks	\$ 21,828	\$ 10,048	\$ 8,125	\$ 23,751
Total Assets	<u>\$ 21,828</u>	<u>\$ 10,048</u>	<u>\$ 8,125</u>	<u>\$ 23,751</u>
LIABILITIES				
Due to Student Groups				
General ASB Accounts	\$ 21,828	\$ 10,048	\$ 8,125	\$ 23,751
Total Due to Student Groups	<u>21,828</u>	<u>10,048</u>	<u>8,125</u>	<u>23,751</u>
Total Liabilities	<u>\$ 21,828</u>	<u>\$ 10,048</u>	<u>\$ 8,125</u>	<u>\$ 23,751</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
HIGH SCHOOLS, Continued
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Totals				
ASSETS				
Cash on Hand and in Banks	\$ 1,028,116	\$ 4,174,570	\$ 4,096,543	\$ 1,106,143
Total Assets	<u>\$ 1,028,116</u>	<u>\$ 4,174,570</u>	<u>\$ 4,096,543</u>	<u>\$ 1,106,143</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 517,572	\$ 1,026,736	\$ 1,057,700	\$ 486,608
General ASB Accounts	510,544	3,147,834	3,038,843	619,535
Total Due to Student Groups	<u>1,028,116</u>	<u>4,174,570</u>	<u>4,096,543</u>	<u>1,106,143</u>
Total Liabilities	<u>\$ 1,028,116</u>	<u>\$ 4,174,570</u>	<u>\$ 4,096,543</u>	<u>\$ 1,106,143</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
INTERMEDIATE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Alta Sierra Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 44,417	\$ 259,098	\$ 255,250	\$ 48,265
Total Assets	<u>\$ 44,417</u>	<u>\$ 259,098</u>	<u>\$ 255,250</u>	<u>\$ 48,265</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 14,046	\$ 55,102	\$ 55,869	\$ 13,279
General ASB Accounts	30,371	203,996	199,381	34,986
Total Due to Student Groups	<u>44,417</u>	<u>259,098</u>	<u>255,250</u>	<u>48,265</u>
Total Liabilities	<u>\$ 44,417</u>	<u>\$ 259,098</u>	<u>\$ 255,250</u>	<u>\$ 48,265</u>
C. Todd Clark Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 105,613	\$ 226,291	\$ 231,896	\$ 100,008
Total Assets	<u>\$ 105,613</u>	<u>\$ 226,291</u>	<u>\$ 231,896</u>	<u>\$ 100,008</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 29,772	\$ 83,186	\$ 87,859	\$ 25,099
General ASB Accounts	75,841	143,105	144,037	74,909
Total Due to Student Groups	<u>105,613</u>	<u>226,291</u>	<u>231,896</u>	<u>100,008</u>
Total Liabilities	<u>\$ 105,613</u>	<u>\$ 226,291</u>	<u>\$ 231,896</u>	<u>\$ 100,008</u>
Kastner Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 78,918	\$ 187,523	\$ 176,417	\$ 90,024
Total Assets	<u>\$ 78,918</u>	<u>\$ 187,523</u>	<u>\$ 176,417</u>	<u>\$ 90,024</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 36,811	\$ 78,742	\$ 72,514	\$ 43,039
General ASB Accounts	42,107	108,781	103,903	46,985
Total Due to Student Groups	<u>78,918</u>	<u>187,523</u>	<u>176,417</u>	<u>90,024</u>
Total Liabilities	<u>\$ 78,918</u>	<u>\$ 187,523</u>	<u>\$ 176,417</u>	<u>\$ 90,024</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
INTERMEDIATE SCHOOLS, Continued
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Reyburn Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 46,302	\$ 116,078	\$ 95,183	\$ 67,197
Total Assets	<u>\$ 46,302</u>	<u>\$ 116,078</u>	<u>\$ 95,183</u>	<u>\$ 67,197</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 14,327	\$ 30,941	\$ 29,146	\$ 16,122
General ASB Accounts	31,975	85,137	66,037	51,075
Total Due to Student Groups	<u>46,302</u>	<u>116,078</u>	<u>95,183</u>	<u>67,197</u>
Total Liabilities	<u>\$ 46,302</u>	<u>\$ 116,078</u>	<u>\$ 95,183</u>	<u>\$ 67,197</u>
Totals				
ASSETS				
Cash on Hand and in Banks	\$ 275,250	\$ 788,990	\$ 758,746	\$ 305,494
Total Assets	<u>\$ 275,250</u>	<u>\$ 788,990</u>	<u>\$ 758,746</u>	<u>\$ 305,494</u>
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 94,956	\$ 247,971	\$ 245,388	\$ 97,539
General ASB Accounts	180,294	541,019	513,358	207,955
Total Due to Student Groups	<u>275,250</u>	<u>788,990</u>	<u>758,746</u>	<u>305,494</u>
Total Liabilities	<u>\$ 275,250</u>	<u>\$ 788,990</u>	<u>\$ 758,746</u>	<u>\$ 305,494</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
ELEMENTARY SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016**

ELEMENTARY SCHOOL	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Bud Rank	\$ 19,258	\$ 151,303	\$ 151,672	\$ 18,889
Cedarwood	9,628	100,854	95,811	14,671
Century	15,531	93,582	95,142	13,971
Clovis Elementary	28,563	92,535	108,381	12,717
Cole	13,686	96,384	86,254	23,816
Copper Hills	4,735	87,220	73,124	18,831
Cox	22,264	73,254	80,534	14,984
Dry Creek	13,718	129,378	121,090	22,006
Fancher Creek	53,210	124,110	115,468	61,852
Fort Washington	6,681	73,078	72,671	7,088
Freedom	6,494	103,871	94,803	15,562
Fugman	41,634	160,007	146,737	54,904
Garfield	8,004	107,684	111,511	4,177
Gettysburg	21,793	103,516	105,983	19,326
Jefferson	10,921	71,757	71,331	11,347
Liberty	9,059	75,100	76,084	8,075
Lincoln	8,094	70,336	67,256	11,174
Maple Creek	16,196	75,801	74,875	17,122
Miramonte	18,159	49,066	50,179	17,046
Mountain View	29,156	102,031	112,225	18,962
Nelson	25,491	53,222	63,893	14,820
Oraze	18,016	93,682	83,001	28,697
Pinedale	2,417	53,043	55,017	443
Reagan	23,674	77,301	83,860	17,115
Red Bank	41,821	169,481	167,387	43,915
Riverview	15,624	139,251	122,277	32,598
Sierra Vista	12,057	47,695	48,965	10,787
Tarpey	31,903	101,643	106,669	26,877
Temperance-Kutner	42,575	71,048	76,190	37,433
Valley Oak	13,075	82,366	73,931	21,510
Weldon	11,799	82,366	81,758	12,407
Woods	23,110	120,599	112,275	31,434
Total	\$ 618,346	\$ 3,032,564	\$ 2,986,354	\$ 664,556

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the fair value of commodities received by the District that are not recorded in the District's financial statements.

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 26,948,666
Reconciling item:		
Food Distribution	10.555	1,036,810
Total Schedule of Expenditures of Federal Awards		<u>\$ 27,985,476</u>

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and 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 District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by *Education Code* Section 46201.

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

Proposition 10 Grants

This schedule discloses the District's revenues and expenditures that occurred during the fiscal year to support the School Readiness Initiative program (SRI). The program is funded from the Tobacco tax money referred to as Proposition 10 money. The program's objectives are to provide early care and educational services with Kindergarten transition programs, provide parenting and family support services, provide health and social services, and to assist in the school's capacity to prepare children and families for school success.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Agency Funds - Combining Balance Sheet

For each school site with an Associated Student Body (ASB), this schedule discloses the school site's individual ASB account balance. The total reported reconciles to the amount reported on the Fiduciary Funds - Statement of Net Position.

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
Clovis Unified School District
Clovis, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clovis Unified School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Clovis Unified School District's basic financial statements, and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clovis Unified School District'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vannink, Trine, Day & Co, LLP

Fresno, California
November 17, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Clovis Unified School District
Clovis, California

Report on Compliance for Each Major Federal Program

We have audited Clovis Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clovis Unified School District's (the District) major Federal programs for the year ended June 30, 2016. Clovis Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clovis Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Clovis Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Clovis Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Varrink, Trine, Day & Co., LLP

Fresno, California
November 17, 2016



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Clovis Unified School District
Clovis, California

Report on State Compliance

We have audited Clovis Unified School District's compliance with the types of compliance requirements as identified in the *2015-2016 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 Clovis Unified School District's State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Clovis Unified School District'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 *2015-2016 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 Clovis Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Clovis Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Clovis Unified School District 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, 2016.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Clovis Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No (see below)
Immunizations	Yes
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Non Classroom-Based Instruction	Yes
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District 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 District does not offer Independent Study - Course Based Program; therefore, we did not perform any procedures related to Independent Study - Course Based Program.

We did not perform testing of the Charter Schools Mode of Instruction or Annual Instruction Minutes Classroom-Based because the District's charter school is all non-classroom based attendance.

Additionally, we did not perform the recommended procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

Vannink, Trine, Day & Co, LLP

Fresno, California
November 17, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CLOVIS UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.366</u>	<u>Title II, Part B, Math and Science Partnerships</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 839,564</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
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CLOVIS UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

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