CLOVIS UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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, 2017, 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 *2016-2017 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.

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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, 2017, 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 74, schedule of other postemployment benefits funding progress on page 75, schedule of the district's proportionate share of net pension liability on page 76, and the schedule of district contributions on page 77, 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 (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 30, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clovis Unified School District's 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.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 30, 2017

CLOVIS UNIFIED SCHOOL DISTRICT

CLOVIS UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2017

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, 2017.

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.

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

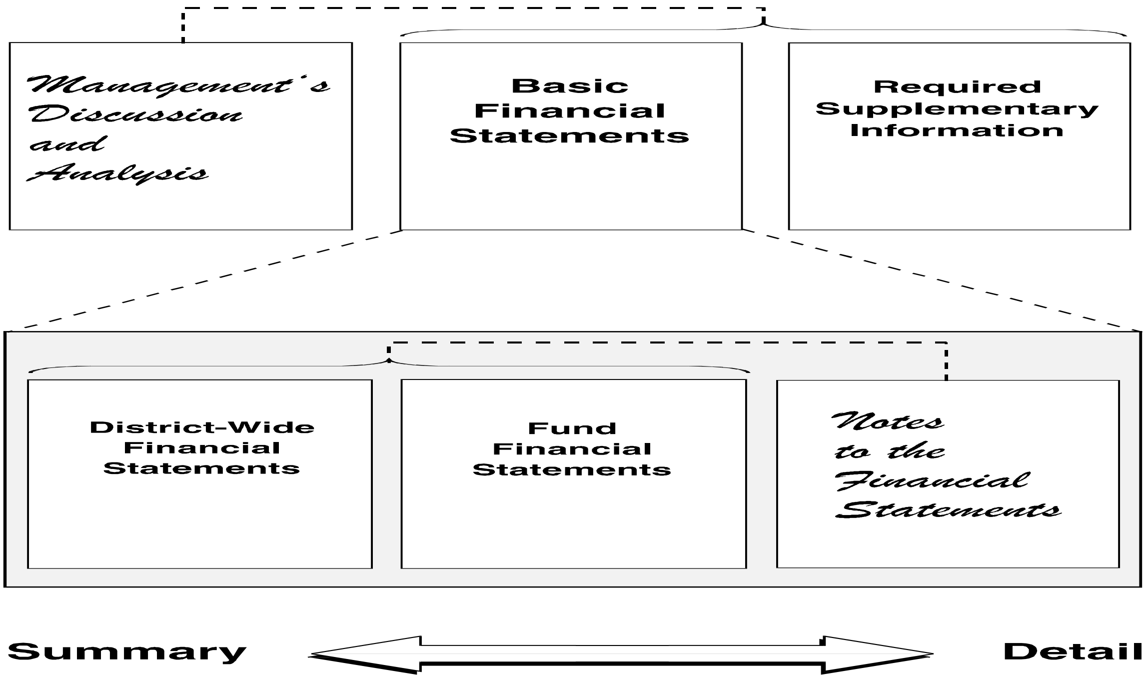

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

		Fund Statements	
Type of Statements	**Government-wide**	**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	•Statement of net position •Statement of activities	•Balance sheet •Statement of revenues, expenditures & changes in fund balances •Reconciliation to government-wide financial statements	•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

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.

- 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 $71.0 million on June 30, 2017, increasing by $19.8 million (38.67 percent). (See Table A-1.)

Table A-1

(Amounts in millions)	Governmental Activities		Percentage
	2017	2016	Change
Assets			
Current and Other Assets	$ 288.5	$ 287.9	0.21%
Capital Assets	928.1	900.9	3.02%
Total Assets	1,216.6	1,188.8	2.34%
Deferred Outflows of Resources	92.9	83.4	11.39%
Liabilities			
Current Liabilities	71.3	60.2	18.44%
Long-Term Obligations	769.2	781.5	-1.57%
Net Pension Liability	377.9	316.6	19.36%
Total Liabilities	1,218.4	1,158.3	5.19%
Deferred Inflows of Resources	20.1	62.7	-67.94%
Net Position			
Net investment in capital assets	441.4	436.7	1.08%
Restricted	57.4	57.2	0.35%
Unrestricted	(427.8)	(442.7)	3.37%
Total Net Position	**$ 71.0**	**$ 51.2**	**38.67%**

Changes in Net Position: The District's total governmental revenues were $530.7 million (see Table A-2). Property taxes and state aid formula accounted for most of the District's revenue, with state aid contributing about 54¢ of every dollar raised and property taxes contributing about 21¢ 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 9¢.

The total cost of all governmental programs and services was $510.9 million (see Table A-2). The District's expenses are predominantly related to educating and caring for students (78 percent). The purely administrative activities of the District accounted for just 4 percent of total costs. Plant services was $50.5 million, accounting for ten percent of the District's expenses. Revenues surpassed expenses, increasing net position by $19.8 million over last year.

Table A-2

(Amounts in millions)	Governmental Activities 2017	Governmental Activities 2016	Percentage Change
Revenues			
General revenues:			
Federal and state aid not restricted	$ 287.3	$ 282.6	1.66%
Property taxes	108.3	100.3	7.98%
Other	47.9	37.1	29.11%
Program Revenues:			
Charges for services	7.5	6.2	20.97%
Operating grants and contributions	79.7	78.8	1.14%
Capital grants and contributions	-	3.7	-100.00%
Total Revenues	530.7	508.7	4.32%
Expenses			
Instruction related	337.1	340.4	-0.97%
Pupil services	62.2	57.1	8.93%
General administration	22.2	21.0	5.71%
Plant services	50.5	48.6	3.91%
Other	38.9	36.2	7.46%
Total Expenses	510.9	503.3	1.51%
Change in Net Position	**$ 19.8**	**$ 5.4**	**266.67%**

GOVERNMENTAL ACTIVITIES

Revenues for the District's governmental activities were $530.7 million, while total expenses were $510.9 million. The increase in net position for governmental activities was $19.8 million in 2017.

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

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	
	2017	2016	2017	2016
Instruction related	$ 337.1	$ 340.4	$ 277.0	$ 279.4
Student transportation	10.2	9.4	10.2	9.4
All other pupil services	37.8	34.6	30.8	28.1
Food services	14.2	13.1	1.2	0.5
General administration	22.2	21.0	20.5	19.3
Plant services	50.5	48.6	49.4	47.9
Other	38.9	36.2	34.6	30.1
Total	**$ 510.9**	**$ 503.3**	**$ 423.7**	**$ 414.7**

- The cost of governmental activities this year was $510.9 million.
- Some of the costs were paid by the users of the District's programs ($7.5 million).
- The federal and state governments subsidized certain programs with operating grants and contributions ($79.7 million).
- Most of the District's costs, $395.6 million, however, were paid for by District taxpayers and the taxpayers of California, in general.
- Governmental activities were paid for with $108.3 million in property taxes, $287.3 million of unrestricted federal and state aid based on the statewide education aid formula, and with investment earnings.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $185.7 million which is a decrease of $18.1 million from last year (Table A-4).

Table A-4

(Amounts in millions)	Balance		
	June 30, 2017	June 30, 2016	Variance
General	$ 91.7	$ 81.6	$ 10.1
Charter School	3.0	1.8	1.2
Adult Education	3.9	3.1	0.8
Child Development	1.6	2.6	(1.0)
Cafeteria	7.6	8.7	(1.1)
Deferred Maintenance	1.3	1.9	(0.6)
Building	20.8	56.2	(35.4)
Capital Facilities	11.1	3.8	7.3
County School Facilities	1.5	1.5	-
Special Reserve Capital Outlay	8.3	7.3	1.0
Bond Interest and Redemption	33.9	34.3	(0.4)
Central Valley School Districts Financing Corporation	1.0	1.0	-
Total	**$ 185.7**	**$ 203.8**	**$ (18.1)**

The primary reasons for the changes are:

a. The fund balance in the General Fund increased $10.1 million to $91.7 million. The net increase is due to an overall increase in revenues; one-time and ongoing.
b. The special revenue funds reported a net decrease of $0.7 million, the majority of the decrease was due to one-time capital outlay expenditures in the Cafeteria Fund.
c. The capital projects funds showed a decrease of $27.1 million. This overall decrease is due to ongoing construction/modernization projects. The majority of these costs were paid for utilizing bond proceeds held and spent within the Building Fund.
d. The Bond Interest and Redemption Fund reported a decrease of $0.4 million due to bond principal and interest payments.

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.
- GASB Statement No. 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 $3.2 million.
- The Board approved a three percent salary increase for all District employees.
- The Adopted Budget's revenues over expenditures resulted in the District anticipating a surplus of $14.2 million. The Adopted Budget was structured in such a way that the District could manage any changes from the State. The LCFF gap closure percentage increased from 54.84 percent at Adopted and ended the year with an actual gap closure of 56.08 percent. The projected ADA growth increased from 480 at Adopted Budget to an actual P-2 ADA growth of 696. The LCFF Entitlement ended with an increase of $2.0 million over the anticipated increase at Adopted. Actual revenues to expenditures resulted in a surplus of $10.1 million, however $1.9 million of the fund balance is non-spendable, $2.1 million is restricted for restricted programs and $11.8 million is assigned for local carryover, site and department carryover, student computer refresh, and LCAP Supplemental programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By June 30, 2017, the District had invested $928.1 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 $27.2 million or 3.02 percent over last year. Total depreciation expense for the year was $26.9 million.

Table A-5

	Governmental Activities		Percentage
	2017	2016	Change
Land	$ 90.6	$ 77.5	16.90%
Land improvements	49.6	48.8	1.64%
Buildings and improvements	702.1	615.2	14.13%
Equipment	36.3	36.6	-0.82%
Construction in progress	49.5	122.8	-59.69%
Total	**$ 928.1**	**$ 900.9**	**3.02%**

The District has work in progress related to modernization projects at eleven district sites. In addition to the modernizations at the school sites, the District is in the final stages of the modernization of the District Office and the completion of the Lamonica Stadium and Veteran's Memorial Stadium handrail projects. The District is currently in the design phase for an additional four modernizations of various school sites. The projects will primarily be funded with revenue from Measure A and interest on investments.

In 2017-2018, the District projects spending another $22,510,494 on above mentioned work in progress projects. The projects scheduled to commence in 2017-2018 are projected to cost $9,371,320 in their entirety.

Long-Term Obligations

At year-end the District had $769.2 million in long-term obligations outstanding discussed below. This is a decrease of 1.57 percent from last year, as shown in Table A-6.

Table A-6

	Governmental Activities		Percentage
	2017	2016	Change
General obligation bonds	$ 499.1	$ 509.9	-2.12%
Certificates of participation	6.0	7.7	-22.08%
Child development portables	0.6	0.3	100.00%
Compensated absences	2.1	1.6	31.25%
Capital leases	1.9	2.5	-24.00%
Other postemployment benefits	259.5	259.5	0.00%
Total	**$ 769.2**	**$ 781.5**	**-1.57%**

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

As of June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*, which required the District to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. As of June 30, 2017, the District reported Deferred Outflows from pension activities $91.7 million, Deferred Inflows from pension activities of $20.1 million, and a Net Pension Liability of $377.9 million.

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, homeless, 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.
- The State continues to allocate one-time discretionary funds to the District. Fiscal year 2017-2018 will be the third consecutive year of one-time funds allocated by the State. This method of allocating funds makes it difficult for the District to make ongoing decisions.

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, 2017

	Governmental Activities
ASSETS	
Deposits and investments	$ 262,249,802
Receivables	23,584,560
Prepaid expenses	1,004,182
Stores inventories	1,604,546
Nondepreciable capital assets	140,105,035
Capital assets being depreciated	1,127,793,551
Accumulated depreciation	(339,753,476)
Total Assets	1,216,588,200
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,216,826
Deferred outflows of resources related to pensions	91,687,297
Total Deferred Outflows of Resources	92,904,123
LIABILITIES	
Accounts payable	46,703,932
Unearned revenue	4,319,829
Claims liability, workers compensation and health and welfare	20,279,535
Long-term obligations:	
Current portion of long-term obligations	26,951,875
Noncurrent portion of long-term obligations	742,218,759
Total Long-Term Obligations	769,170,634
Aggregate net pension liability	377,965,239
Total Liabilities	1,218,439,169
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	20,074,701
NET POSITION	
Net investment in capital assets	441,414,436
Restricted for:	
Debt service	34,964,138
Capital projects	12,610,339
Educational programs	2,195,904
Other activities	7,605,809
Unrestricted	(427,812,173)
Total Net Position	$ 70,978,453

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

CLOVIS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental Activities:				
Instruction	$ 277,208,109	$ 132,148	$ 49,267,704	$ (227,808,257)
Instruction-related activities:				
Supervision of instruction	23,827,741	3,027	9,229,252	(14,595,462)
Instructional library, media, and technology	6,489,336	-	176,759	(6,312,577)
School site administration	29,596,755	-	1,329,418	(28,267,337)
Pupil services:				
Home-to-school transportation	10,160,425	-	-	(10,160,425)
Food services	14,243,312	3,671,803	9,372,398	(1,199,111)
All other pupil services	37,837,911	22,884	6,955,374	(30,859,653)
Administration:				
Data processing	3,645,271	-	18,380	(3,626,891)
All other administration	18,535,212	175,731	1,443,893	(16,915,588)
Plant services	50,559,396	743,867	429,019	(49,386,510)
Ancillary services	12,034,221	-	51,752	(11,982,469)
Community services	807,724	-	-	(807,724)
Interest on long-term obligations	25,154,496	-	-	(25,154,496)
Other outgo	859,914	2,760,359	1,429,769	3,330,214
Total Governmental Activities	$ 510,959,823	$ 7,509,819	$ 79,703,718	(423,746,286)
	General revenues and subventions:			
	Property taxes, levied for general purposes			71,906,673
	Property taxes, levied for debt service			36,142,838
	Taxes levied for other specific purposes			218,112
	Federal and State aid not restricted to specific purposes			287,289,728
	Interest and investment earnings			2,538,833
	Interagency revenues			1,281,080
	Special and extraordinary items			(7,226,455)
	Miscellaneous			51,400,354
	Subtotal, General Revenues			443,551,163
	Change in Net Position			19,804,877
	Net Position - Beginning			51,173,576
	Net Position - Ending			$ 70,978,453

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

CLOVIS UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 128,344,187	$ 31,754,386	$ 33,910,046
Receivables	15,435,727	101,300	-
Due from other funds	215,106	461,135	-
Prepaid expenditures	514,202	-	-
Stores inventories	1,281,097	-	-
Total Assets	$ 145,790,319	$ 32,316,821	$ 33,910,046
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 38,354,171	$ 5,966,217	$ -
Due to other funds	11,388,566	5,557,213	-
Unearned revenue	4,319,829	-	-
Total Liabilities	54,062,566	11,523,430	-
Fund Balances:			
Nonspendable	1,939,299	-	-
Restricted	2,093,814	20,793,391	33,910,046
Committed	-	-	-
Assigned	11,822,248	-	-
Unassigned	75,872,392	-	-
Total Fund Balances	91,727,753	20,793,391	33,910,046
Total Liabilities and Fund Balances	$ 145,790,319	$ 32,316,821	$ 33,910,046

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

Non-Major Governmental Funds	Total Governmental Funds
$ 31,544,632	$ 225,553,251
3,325,479	18,862,506
6,586,948	7,263,189
489,980	1,004,182
323,449	1,604,546
$ 42,270,488	$ 254,287,674
$ 2,014,268	$ 46,334,656
910,875	17,856,654
-	4,319,829
2,925,143	68,511,139
816,929	2,756,228
21,081,937	77,879,188
5,114,344	5,114,344
12,332,135	24,154,383
-	75,872,392
39,345,345	185,776,535
$ 42,270,488	$ 254,287,674

CLOVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2017

Total Fund Balance - Governmental Funds		**$ 185,776,535**
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	$ 1,267,898,586	
Accumulated depreciation is	(339,753,476)	
Net Capital Assets		928,145,110
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		32,669,122
Deferred amounts on refunding (the difference between the reaquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.		1,216,826
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.		6,136,614
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.		1,196,782
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.		38,067,489
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.		(2,076,518)
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.		(3,184,111)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(377,965,239)

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2017

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, including premiums	$ 499,075,654	
Certificates of participation	5,973,005	
Compensated absences	2,118,678	
Capital leases	1,908,406	
Child development portables	567,000	
Other postemployment benefits, excluding Self Insurance Fund portion	229,361,414	
Total Long-Term Obligations		$ (739,004,157)
Total Net Position - Governmental Activities		**$ 70,978,453**

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, 2017

	General Fund	Building Fund
REVENUES		
Local Control Funding Formula	$ 339,166,659	$ -
Federal sources	17,883,624	-
Other State sources	60,947,481	-
Other local sources	18,414,399	507,688
Total Revenues	436,412,163	507,688
EXPENDITURES		
Current		
Instruction	247,449,414	-
Instruction-related activities:		
Supervision of instruction	21,058,272	-
Instructional library, media and technology	6,440,753	-
School site administration	25,407,789	-
Pupil services:		
Home-to-school transportation	12,803,574	-
Food services	59,999	-
All other pupil services	32,450,002	-
Administration:		
Data processing	3,561,884	-
All other administration	16,060,038	-
Plant services	43,190,238	317,958
Facility acquisition and construction	634,903	38,128,001
Ancillary services	8,972,490	-
Other outgo	859,913	-
Debt service		
Principal	1,523,372	1,818,789
Interest and other	25,493	382,602
Total Expenditures	420,498,134	40,647,350
Excess (Deficiency) of Revenues Over Expenditures	15,914,029	(40,139,662)
Other Financing Sources		
Transfers in	1,900,350	6,592,198
Other sources	1,400,000	-
Transfers out	(9,128,569)	(1,838,992)
Net Other Financing Sources	(5,828,219)	4,753,206
NET CHANGE IN FUND BALANCES	10,085,810	(35,386,456)
Fund Balance - Beginning	81,641,943	56,179,847
Fund Balance - Ending	$ 91,727,753	$ 20,793,391

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 3,326,070	$ 342,492,729
-	10,913,360	28,796,984
329,554	7,140,879	68,417,914
36,082,955	34,680,290	89,685,332
36,412,509	56,060,599	529,392,959
-	13,217,486	260,666,900
-	2,208,681	23,266,953
-	245,244	6,685,997
-	1,755,819	27,163,608
-	-	12,803,574
-	14,010,182	14,070,181
-	635,231	33,085,233
-	-	3,561,884
-	1,289,159	17,349,197
-	5,418,970	48,927,166
-	12,023,092	50,785,996
-	-	8,972,490
-	-	859,913
54,944,451	448,000	58,734,612
14,681,735	8,663	15,098,493
69,626,186	51,260,527	582,032,197
(33,213,677)	4,800,072	(52,639,238)
-	10,629,786	19,122,334
32,790,793	378,000	34,568,793
-	(8,154,773)	(19,122,334)
32,790,793	2,853,013	34,568,793
(422,884)	7,653,085	(18,070,445)
34,332,930	31,692,260	203,846,980
$ 33,910,046	$ 39,345,345	$ 185,776,535

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, 2017

Total Net Change in Fund Balances - Governmental Funds		**$ (18,070,445)**
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	$ 54,182,714	
Depreciation expense	(26,924,143)	
Net Expense Adjustment		27,258,571
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(39,412)
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.		(1,778,000)
Deferred amounts on refunding (the difference between the reaquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.		1,216,826
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 $521,009.		(521,009)
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.		(10,354,369)
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:		9,894,296

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

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, 2017

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.	$ (32,790,793)
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred and premiums are recognized as revenues. In the government-wide statements, these items are amortized over the life of the debt.	
Amortization of debt premium	212,862
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	54,944,400
Certificates of participation	1,755,000
Capital lease obligations	1,972,161
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.	(11,485,640)
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.	(2,472,571)
Change in Net Position of Governmental Activities	**$ 19,804,877**

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

CLOVIS UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Internal Service Self Insurance Fund
ASSETS	
Current Assets	
Deposits and investments	$ 36,696,551
Receivables	4,722,054
Due from other funds	10,593,465
Total Assets	52,012,070
LIABILITIES	
Current Liabilities	
Accounts payable	369,276
Claim liabilities	20,279,535
Other postemployment benefits obligation	30,166,477
Total Current Liabilities	50,815,288
NET POSITION	
Unrestricted	1,196,782
Total Net Position	$ 1,196,782

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, 2017

	Internal Service Self Insurance Fund
OPERATING REVENUES	
Charges to other funds and miscellaneous revenues	$ 65,361,930
OPERATING EXPENSES	
Payroll costs	274,699
Professional and contract services	67,557,832
Supplies and materials	1,970
Total Operating Expenses	67,834,501
Change in Net Position	(2,472,571)
Total Net Position - Beginning	3,669,353
Total Net Position - Ending	$ 1,196,782

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, 2017

	Internal Service Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from refunds	$ 54,917,720
Cash paid for contracted services	(47,502,103)
Cash payments for other operating expenses	(276,669)
Net Cash Provided by Operating Activities	7,138,948
Cash and Cash Equivalents - Beginning	29,557,603
Cash and Cash Equivalents - Ending	$ 36,696,551
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (2,472,571)
Changes in assets and liabilities:	
Receivables	(3,557,894)
Due from other funds	(6,886,316)
Accounts payable, claims liability, and other postemployment benefits obligation	20,055,729
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,138,948

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

CLOVIS UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Agency Funds
ASSETS	
Deposits and investments	$ 10,809,011
Receivables	206,647
Total Assets	$ 11,015,658
LIABILITIES	
Accounts payable	$ 3,207,315
Due to student groups	2,095,501
Due to other agencies - Warrant/Pass-Through Fund	5,712,842
Total Liabilities	$ 11,015,658

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

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-three 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.

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.

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.

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 lA), 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:

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.

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.

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, 2017, 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.

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 and for deferred amounts on refunding.

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, 2017, 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.

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 $57,376,190 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.

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 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 District has implemented the provisions of this Statement as of June 30, 2017.

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 District has implemented the provisions of this Statement as of June 30, 2017.

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 District has implemented the provisions of this Statement as of June 30, 2017, 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.

New Accounting Pronouncements

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 January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB;

- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

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

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Governmental activities	$ 262,249,802
Fiduciary funds	10,809,011
Total Deposits and Investments	$ 273,058,813

Deposits and investments as of June 30, 2017, consist of the following:

Cash awaiting deposit	$ 1,062,045
Cash on hand and in banks	8,378,665
Cash in revolving	147,500
Cash with fiscal agent	1,437,829
Investments with county treasury	262,032,774
Total Deposits and Investments	$ 273,058,813

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.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The 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.

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	$ 261,301,231	$ -	$ 261,301,231	$ -	$ -

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, 2017, $15,119,662 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.

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.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2017, 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	Warrant/ Pass-Through Fund
Federal Government							
Categorical aid	$ 8,692,032	$ -	$ 1,943,476	$ 10,635,508	$ -	$ 10,635,508	$ -
State Government							
State grants and entitlements	5,295,471	-	1,052,993	6,348,464	-	6,348,464	-
Local Sources	1,448,224	101,300	329,010	1,878,534	4,722,054	6,600,588	206,647
Total	$15,435,727	$ 101,300	$ 3,325,479	$ 18,862,506	$ 4,722,054	23,584,560	$ 206,647

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 77,540,564	$ 13,060,363	$ -	$ 90,600,927
Construction in progress	122,808,504	50,533,996	123,838,392	49,504,108
Total Capital Assets Not Being Depreciated	200,349,068	63,594,359	123,838,392	140,105,035
Capital Assets being depreciated				
Land improvements	119,054,434	5,374,041	-	124,428,475
Buildings and improvements	825,101,358	105,166,206	157,647	930,109,917
Furniture and equipment	69,368,659	3,886,500	-	73,255,159
Total Capital Assets Being Depreciated	1,013,524,451	114,426,747	157,647	1,127,793,551
Less Accumulated Depreciation				
Land improvements	70,283,671	4,562,293	-	74,845,964
Buildings and improvements	209,932,129	18,198,070	118,235	228,011,964
Furniture and equipment	32,731,768	4,163,780	-	36,895,548
Total Accumulated Depreciation	312,947,568	26,924,143	118,235	339,753,476
Governmental Activities Capital Assets, Net	$ 900,925,951	$ 151,096,963	$ 123,877,804	$ 928,145,110

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

Governmental Activities	
Instruction	$ 15,885,244
School site administration	1,615,449
All other pupil services	3,769,380
Ancillary services	2,961,656
Community services	807,724
All other general administration	807,724
Plant services	1,076,966
Total Depreciation Expenses Governmental Activities	$ 26,924,143

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, 2017, between major and non-major governmental funds, and internal service funds are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds		
General	$ 215,106	$ 11,388,566
Building	461,135	5,557,213
Total Major Governmental Funds	676,241	16,945,779
Non-Major Governmental Funds		
Charter School	524,909	5,672
Adult Education	-	153,386
Child Development	-	120,935
Cafeteria	-	187,208
Capital Facilities	224,971	172
County School Facilities	33,226	16,613
Special Reserve Capital Outlay	5,803,842	33,226
Central Valley School Districts Financing Corporation	-	393,663
Total Non-Major Governmental Funds	6,586,948	910,875
Subtotal All Governmental Funds	7,263,189	17,856,654
Self Insurance Fund	10,593,465	-
Total Governmental Activities	$ 17,856,654	$ 17,856,654

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, 2017, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future repairs and maintenance projects.	$ 2,800,000
The General Fund transferred to the Building Fund for the COPs debt service payment.	1,730,332
The General Fund transferred to the Building Fund for 2012 debt service payments.	1,293,298
The General Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for the district-wide furniture refresh.	492,099
The General Fund transferred to the Non-Major Adult Education Fund for the District's Adult Education program.	846,880
The General Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for the annual RCA transfer.	267,355
The General Fund transferred to the Non-Major Special Reserve Capital Outlay Fund for 2008 maturing debt service payrments.	1,700,000
The General Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for Clovis East High School farm operations funding.	(1,395)
The Cafeteria Non-Major Governmental Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for partial funding of the Reyburn bread kitchen.	959,400
The Cafeteria Non-Major Governmental Fund transferred to the Building Fund for routine repairs and maintenance.	279
The Deferred Maintenance Non-Major Governmental Fund transferred to the Building Fund for various modernization projects.	1,420,700
The Building Fund transferred to the Central Valley School Districts Financing Corporation Non-Major Governmental Fund for the COP debt service payment.	393,663
The Building Fund transferrred to the County School Facilities Non-Major Governmental Fund for Clovis West Career and Technology Education funding.	682,068
The Building Fund (sub-class 60018 residual RDA monies) transferrred to the General Fund for expenditures related to repairing/replacing fire damage at an elementary site.	763,261
The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for the three percent administrative fee.	337,089
The Capital Facilities Non-Major Governmental Fund transferred to the Building Fund for the 2012 debt service payment.	500,000
The Special Reserve Capital Outlay Non-Major Governmental Fund transferred to the Building Fund for COPs debt service payment.	393,663
The Special Reserve Capital Outlay Non-Major Governmental Fund transferred to the Building Fund for 2012 debt service payment.	1,253,926
The Special Reserve Capital Outlay Non-Major Governmental Fund transferred to the General Fund solar rebates.	800,000
The Special Reserve Capital Outlay Non-Major Governmental Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future repairs and maintenance projects.	1,300,000
The Child Development Non-Major Governmental Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for Child Development portables at Bud Rank Elementary.	1,189,716
Total	$ 19,122,334

NOTE 7 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2017, consist of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Electronic Student Curriculum Database Subscription	$ 514,202	$ 475,000	$ 989,202
Travel	-	14,980	14,980
Total	$ 514,202	$ 489,980	$ 1,004,182

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Governmental Funds Total	Internal Service Fund	Total Governmental Activities	Warrant/ Pass-Through Fund
Vendor payables	$ 8,316,831	$ 5,966,217	$ 2,014,268	$ 16,297,316	$ 369,276	$ 16,666,592	$ -
Local control funding formula	4,231,728	-	-	4,231,728	-	4,231,728	-
Deferred payroll	25,317,357	-	-	25,317,357	-	25,317,357	-
Accrued payroll	488,255	-	-	488,255	-	488,255	3,207,315
Total	$ 38,354,171	$ 5,966,217	$ 2,014,268	$ 46,334,656	$ 369,276	46,703,932	3,207,315

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consists of the following:

	General Fund
Federal financial assistance	$ 18,964
State categorical aid	4,290,672
Local sources	10,193
Total	$ 4,319,829

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, 2016	Additions	Deductions	Balance June 30, 2017	Due in One Year
General Obligation Bonds	$ 505,121,561	$ 41,995,640	$ 54,944,400	$ 492,172,801	$ 23,965,000
Bond premium	4,834,922	2,280,793	212,862	6,902,853	-
Certificates of Participation	7,728,005	-	1,755,000	5,973,005	1,420,000
Compensated absences - net	1,597,669	521,009	-	2,118,678	-
Capital leases	2,480,567	1,400,000	1,972,161	1,908,406	1,440,875
Child development portables	252,000	378,000	63,000	567,000	126,000
Other postemployment benefits-not recognized in Self Insurance Fund	239,255,710	-	9,894,296	229,361,414	-
Other postemployment benefits-recognized in Self Insurance Fund	20,272,181	9,894,296	-	30,166,477	-
Total	$ 781,542,615	$ 56,469,738	$ 68,841,719	$ 769,170,634	$ 26,951,875

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.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Interest Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2017
10/1/01	2019	9.0%	$ 49,996,471	$ 17,879,459	$ 619,620	$ 5,915,000	$ 12,584,079
10/1/02	2028	3.6-5.23%	29,000,256	34,552,399	1,587,184	2,810,000	33,329,583
12/1/04	2030	3.8-6.15%	119,998,286	112,012,278	5,484,879	9,845,000	107,652,157
3/1/06	2031	4.0-5.0%	48,001,060	32,379,866	1,099,899	9,705,000	23,774,765
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	77,925,498	931,968	20,534,400	58,323,066
7/25/13	2039	2.0-6.12%	49,996,579	48,888,844	617,358	-	49,506,202
8/19/14	2040	3.19-4.52%	64,995,505	60,323,371	500,235	755,000	60,068,606
8/6/15	2041	3.37-5.0%	103,007,034	103,589,846	644,497	5,380,000	98,854,343
12/1/16	2022	2.0-5.0%	30,510,000	-	30,510,000	-	30,510,000
Total			$ 593,436,992	$ 505,121,561	$ 41,995,640	$ 54,944,400	$ 492,172,801

Debt Service Requirements to Maturity

The annual requirement to amortize the Election of 2001, Series A general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2018	$ 6,270,000	$ -	$ 6,270,000
2019	6,314,079	330,921	6,645,000
Total	$ 12,584,079	$ 330,921	$ 12,915,000

The annual requirement to amortize the Election of 2001, Series B general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2018	$ 2,880,000	$ -	$ 2,880,000
2019	2,817,297	137,703	2,955,000
2020	2,744,885	280,115	3,025,000
2021	2,672,200	427,800	3,100,000
2022	2,595,880	579,120	3,175,000
2023-2027	12,036,977	5,193,023	17,230,000
2028	7,582,344	5,122,656	12,705,000
Total	$ 33,329,583	$ 11,740,417	$ 45,070,000

The annual requirement to amortize the Election of 2004, Series A general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2018	$ 10,435,000	$ -	$ 10,435,000
2021	10,717,146	1,712,854	12,430,000
2022	-	-	-
2023-2027	54,500,076	24,219,924	78,720,000
2028-2030	31,999,935	27,505,065	59,505,000
Total	$ 107,652,157	$ 53,437,843	$ 161,090,000

The annual requirement to amortize the Election of 2004, Series B general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2027	$ 3,210,774	$ 1,679,226	$ 4,890,000
2028	3,239,572	1,940,428	5,180,000
2029	3,265,129	2,229,871	5,495,000
2030	3,291,290	2,523,710	5,815,000
2031	10,768,000	9,232,000	20,000,000
Total	$ 23,774,765	$ 17,605,235	$ 41,380,000

The annual requirement to amortize the 2012 Refunding general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Fiscal Year	Principal	Interest to Maturity	Total
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	$ 17,570,000	$ 2,207,975	$ 19,777,975

The annual requirement to amortize the 2012 Series A general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2018	$ 535,000	$ 1,734,650	$ 2,269,650
2019	1,625,000	1,691,450	3,316,450
2020	2,615,000	1,606,650	4,221,650
2021	-	1,554,350	1,554,350
2022	3,165,000	1,491,050	4,656,050
2023-2027	6,515,000	6,391,050	12,906,050
2028-2032	10,945,000	5,434,825	16,379,825
2033-2037	9,040,000	3,588,200	12,628,200
2038	9,805,000	196,100	10,001,100
Total	$ 44,245,000	$ 23,688,325	$ 67,933,325

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2032-2036	$ 14,078,066	$ 20,136,934	$ 34,215,000

Total 2012, Series A obligation:	$ 58,323,066

The annual requirement to amortize the 2012 Series B general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
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	-	1,939,088	1,939,088
2023-2027	-	9,695,435	9,695,435
2028-2032	2,935,000	9,541,348	12,476,348
2033-2037	19,130,000	6,243,450	25,373,450
2038-2039	16,105,000	515,500	16,620,500
Total	$ 38,170,000	$ 35,691,173	$ 73,861,173

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2021	$ 1,561,168	$ 293,832	$ 1,855,000
2022-2026	4,856,580	1,918,420	6,775,000
2027-2031	4,918,454	4,581,546	9,500,000
Total	$ 11,336,202	$ 6,793,798	$ 18,130,000

Total 2012, Series B obligation: $ 49,506,202

The annual requirement to amortize the 2012 Series C general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
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	1,125,000	1,729,125	2,854,125
2023-2027	1,305,000	8,103,375	9,408,375
2028-2032	-	8,038,125	8,038,125
2033-2037	15,625,000	7,234,650	22,859,650
2038-2040	25,500,000	2,374,200	27,874,200
Total	$ 47,050,000	$ 34,741,225	$ 81,791,225

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2024-2027	$ 5,613,232	$ 1,696,768	$ 7,310,000
2028-2032	5,876,288	4,148,712	10,025,000
2033	1,529,086	1,460,914	2,990,000
Total	$ 13,018,606	$ 7,306,394	$ 20,325,000

Total 2012, Series C obligation: $ 60,068,606

The annual requirement to amortize the 2012 Series D general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
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	1,030,000	3,331,000	4,361,000
2023-2027	3,680,000	15,852,000	19,532,000
2028-2032	5,680,000	14,780,000	20,460,000
2033-2037	1,420,000	14,057,500	15,477,500
2038-2041	67,105,000	8,572,700	75,677,700
Total	$ 84,245,000	$ 70,568,750	$ 154,813,750

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2031	$ 1,990,100	$ 1,509,900	$ 3,500,000
2032-2036	11,042,451	11,832,549	22,875,000
2037	1,576,792	2,228,208	3,805,000
Total	$ 14,609,343	$ 15,570,657	$ 30,180,000

Total 2012, Series D obligation:	$ 98,854,343		

The annual requirement to amortize the 2016 Refunding general obligation bonds payable, outstanding at June 30, 2017, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2018	$ 1,660,000	$ 1,444,831	$ 3,104,831
2019	1,740,000	1,236,550	2,976,550
2020	14,505,000	920,350	15,425,350
2021	10,055,000	378,875	10,433,875
2022	2,550,000	63,750	2,613,750
Total	$ 30,510,000	$ 4,044,356	$ 34,554,356

Savings Calculations:	
Prior Debt Service	$ 43,402,750
Refunding Debt Service	34,554,356
Savings	$ 8,848,394
Present Value of Savings at 1.86%	$ 4,324,040

Certificates of Participation

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, 2017, 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:

Year Ending June 30,	Principal	Interest	Total
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	$ 3,900,057	$ 348,100	$ 4,248,157

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, 2017, the District drew down funds in the amount of $8,390,057.

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

Year Ending June 30,	Principal	Interest	Total
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	310,000	103,188	413,188
2023-2024	642,948	155,831	798,779
Total	$ 2,072,948	$ 809,288	$ 2,882,236

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2017, amounted to $2,118,678.

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, 2016	$ 2,480,567
Additions	1,400,000
Payments	1,972,161
Balance, June 30, 2017	$ 1,908,406

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2018	$ 1,468,072
2019	474,422
Total	1,942,494
Less: Amount Representing Interest	34,088
Present Value of Minimum Lease Payments	$ 1,908,406

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
2018	$ 126,000
2019	126,000
2020	126,000
2022	63,000
Total	$ 567,000

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2017, was $269,594,399, and claims paid by the District during the year were $10,174,593. Interest on the net OPEB obligation and adjustments to the annual required contribution were $8,838,206 and $(288,607,198), respectively, which resulted in no change to the net OPEB obligation. As of June 30, 2017, the net OPEB obligation was $259,527,891. See Note 13 for additional information regarding the OPEB obligation and the postemployment benefits plan.

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	1,281,097	-	-	323,449	1,604,546
Prepaid expenditures	514,202	-	-	489,980	1,004,182
Total Nonspendable	1,939,299	-	-	816,929	2,756,228
Restricted					
Legally restricted programs	2,093,814	-	-	91,900	2,185,714
Food service programs	-	-	-	7,315,416	7,315,416
Capital projects	-	20,793,391	-	12,610,339	33,403,730
Debt service	-	-	33,910,046	1,054,092	34,964,138
Child development programs	-	-	-	10,190	10,190
Total Restricted	2,093,814	20,793,391	33,910,046	21,081,937	77,879,188
Committed					
Adult education capital improvements	-	-	-	3,500,000	3,500,000
Deferred maintenance projects	-	-	-	1,320,899	1,320,899
Adult education future program growth	-	-	-	293,445	293,445
Total Committed	-	-	-	5,114,344	5,114,344
Assigned					
Fee-based program carryovers	1,067,356	-	-	-	1,067,356
Other program carryovers	1,007,197	-	-	-	1,007,197
Site carryovers	828,151	-	-	-	828,151
Citi-Kids/CHAPS (future capital)	1,061,353	-	-	-	1,061,353
Student computer refresh	5,419,770	-	-	-	5,419,770
LCAP supplemental carryover	1,523,206	-	-	-	1,523,206
Mandate audit reserve	915,215	-	-	-	915,215
Charter school future program growth	-	-	-	230,028	230,028
Child development future program growth	-	-	-	1,525,841	1,525,841
Capital projects	-	-	-	10,576,266	10,576,266
Total Assigned	11,822,248	-	-	12,332,135	24,154,383
Unassigned	75,872,392	-	-	-	75,872,392
Total	$ 91,727,753	$ 20,793,391	$ 33,910,046	$ 39,345,345	$ 185,776,535

NOTE 12 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2017, the following District major fund exceeded the budgeted amounts as follows:

	Expenditures		
Fund	Budget	Actual	Excess
General			
Total expenditures	$ 417,956,027	$ 420,498,134	$ 2,542,107

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 provide 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 2016-2017, the District paid claims on behalf of retirees totaling $10,174,593.

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	(288,607,198)
Annual OPEB cost (expense)	(10,174,593)
Claims paid	10,174,593
Increase in net OPEB obligation	-
Net OPEB obligation, beginning of year	259,527,891
Net OPEB obligation, end of year	$ 259,527,891
OPEB obligation reflected in Self Insurance Fund	$ 30,166,477
Remaining OPEB obligation reflected as full-accrual adjustment	229,361,414
Total OPEB obligation, end of year	$ 259,527,891

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
2017	$ (10,174,593)	$ (10,174,593)	100.00%	$ 259,527,891
2016	49,021,065	10,448,329	21.31%	259,527,891
2015	9,447,211	9,447,211	100.00%	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 Accrued Liability (AAL) - Pojected 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.

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 $10,800,738 reported in the General Fund at June 30, 2017, 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, 2017, 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.

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, 2015 to June 30, 2017:

	Workers' Compensation/ Health and Welfare
Liability Balance, July 1, 2015	$ 17,954,794
Claims and changes in estimates	62,424,738
Claims payments	60,617,044
Liability Balance, June 30, 2016	19,762,488
Claims and changes in estimates	69,548,331
Claims payments	69,031,284
Liability Balance, June 30, 2017	$ 20,279,535
Health and welfare claims liability and reserve	$ 9,478,797
Workers' compensation claims liability and reserve	10,800,738
Total Liability Balance, June 30, 2017	$ 20,279,535

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, 2017, 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	$ 271,983,817	$ 57,198,987	$ 15,759,760	$ 27,792,396
CalPERS	105,981,422	34,488,310	4,314,941	15,231,095
Total	$ 377,965,239	$ 91,687,297	$ 20,074,701	$ 43,023,491

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, 2015, 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.

The STRP provisions and benefits in effect at June 30, 2017, are summarized as follows:

	STRP Defined Benefit Program	
	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 precentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	12.58%	12.58%
Required state contribution rate	8.828%	8.828%

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, 2017, are presented above and the District's total contributions were $22,942,735.

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

At June 30, 2017, 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	$ 271,983,817
State's proportionate share of the net pension liability associated with the District	154,835,535
Total	$ 426,819,352

The net pension liability was measured as of June 30, 2016. 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, 2016 and June 30, 2015, respectively was 0.3363 percent and 0.3507 percent, resulting in a net decrease in the proportionate share of 0.0144 percent.

For the year ended June 30, 2017, the District recognized pension expense of $27,792,396. In addition, the District recognized pension expense and revenue of $14,966,484 for support provided by the State. At June 30, 2017, 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	$ 22,942,735	$ -
Net change in proportionate share of net pension liability	12,633,672	9,125,025
Difference between projected and actual earnings on pension plan investments	21,622,580	-
Differences between expected and actual experience in the measurement of the total pension liability	-	6,634,735
Total	$ 57,198,987	$ 15,759,760

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 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
2018	$ 471,733
2019	471,733
2020	12,569,281
2021	8,109,833
Total	$ 21,622,580

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 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Combined Deferred Outlfows/ (Inflows) of Resources
2018	$ (204,977)
2019	(204,977)
2020	(204,977)
2021	(204,977)
2022	(204,982)
Thereafter	(2,101,198)
Total	$ (3,126,088)

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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary'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%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

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%)	$ 391,446,053
Current discount rate (7.60%)	$ 271,983,817
1% increase (8.60%)	$ 172,765,428

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, 2015 annual actuarial valuation report, Schools Pool Actuarial Valuation. 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, 2017, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
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 precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.00%
Required employer contribution rate	13.888%	13.888%

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, 2017, are presented above and the total District contributions were $9,726,387.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $105,981,422. The net pension liability was measured as of June 30, 2016. 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, 2016 and June 30, 2015, respectively was 0.5366 percent and 0.5465 percent, resulting in a net decrease in the proportionate share of 0.0099 percent.

For the year ended June 30, 2017, the District recognized pension expense of $15,231,095. At June 30, 2017, 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	$ 9,726,387	$ -
Net change in proportionate share of net pension liability	3,758,797	1,130,830
Difference between projected and actual earnings on pension plan investments	16,444,909	-
Differences between expected and actual experience in the measurement of the total pension liability	4,558,217	-
Changes of assumptions	-	3,184,111
Total	$ 34,488,310	$ 4,314,941

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 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 of Resources
2018	$ 2,306,617
2019	2,306,617
2020	7,539,699
2021	4,291,976
Total	$ 16,444,909

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, 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 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ 2,021,842
2019	1,835,715
2020	144,516
Total	$ 4,002,073

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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
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%	5.71%
Global debt securities	20%	2.43%
Inflation assets	6%	3.36%
Private equity	10%	6.95%
Real estate	10%	5.13%
Infrastructure and Forestland	2%	5.09%
Liquidity	1%	-1.05%

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:

Discount Rate	Net Pension Liability
1% decrease (6.65%)	$ 158,124,872
Current discount rate (7.65%)	$ 105,981,422
1% increase (8.65%)	$ 62,561,739

Accumulation Program for Part-Time and Limited-Service Employees Plan (APPLE)

Plan Description

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Accumulation Program for Part-time and Limited-service Employees (APPLE) Plan as its alternative plan.

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, 2017, 2016, 2015 were $233,540, $203,810, and $718,565, respectively.

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 $13,594,744 (8.578 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, 2017.

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, 2017.

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.

Construction Commitments

As of June 30, 2017, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
District office final phase modernization	$ 2,663,939	April 2018
Buchanan 2017 modernization	7,419,330	December 2017
Red Bank 2017 modernization	286,535	December 2017
Clovis Elementary 2017 modernization	2,070,403	December 2017
Clovis North 2017 modernization	1,238,090	December 2017
Lincoln 2017 modernization	4,254,882	February 2018
Clark choir 2017 modernization	1,076,608	January 2018
Reagan Elementary 2017 modernization	850,573	November 2017
Woods 2017 modernization	553,744	November 2017
Total	$ 20,414,104	

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.

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

During the year ended June 30, 2017, 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, 2017, the District made payments of $3,292,905 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, 2017, the District made payments of $858,714 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, 2017

	Budgeted Amounts			Variances - Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Local Control Funding Formula	$ 336,922,509	$ 339,166,659	$ 339,166,659	$ -
Federal sources	16,417,939	17,666,181	17,883,624	217,443
Other State sources	47,480,571	58,603,489	60,947,481	2,343,992
Other local sources	12,753,216	18,274,964	18,414,399	139,435
Total Revenues	413,574,235	433,711,293	436,412,163	2,700,870
EXPENDITURES				
Current				
Certificated salaries	173,977,833	178,638,160	178,638,160	-
Classified salaries	67,168,367	71,625,843	71,667,681	(41,838)
Employee benefits	92,692,092	105,256,064	107,620,815	(2,364,751)
Books and supplies	31,251,841	27,731,658	27,731,658	-
Services and operating expenditures	27,760,205	29,368,980	29,432,341	(63,361)
Other outgo	(420,374)	(501,403)	(429,246)	(72,157)
Capital outlay	265,133	4,287,860	4,287,860	-
Debt service - principal	1,523,423	1,523,423	1,523,372	51
Debt service - interest	25,442	25,442	25,493	(51)
Total Expenditures	394,243,962	417,956,027	420,498,134	(2,542,107)
Excess of Revenues Over Expenditures	19,330,273	15,755,266	15,914,029	158,763
Other Financing Sources/(Uses)				
Transfers in	1,258,573	1,900,350	1,900,350	-
Other sources	1,400,000	1,401,629	1,400,000	(1,629)
Transfers out	(7,837,359)	(9,128,569)	(9,128,569)	-
Net Financing Sources/(Uses)	(5,178,786)	(5,826,590)	(5,828,219)	(1,629)
NET CHANGE IN FUND BALANCES	14,151,487	9,928,676	10,085,810	157,134
Fund Balance -Beginning	81,641,943	81,641,943	81,641,943	-
Fund Balance - Ending	$ 95,793,430	$ 91,570,619	$ 91,727,753	$ 157,134

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, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Pojected 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%
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, 2017

	2017	2016
CalSTRS		
District's proportion of the net pension liability (asset)	0.3363%	0.3507%
District's proportionate share of the net pension liability (asset)	$ 271,983,817	$ 236,088,495
State's proportionate share of the net pension liability (asset) associated with the District	154,835,535	124,864,788
Total	$ 426,819,352	$ 360,953,283
District's covered - employee payroll	$ 171,698,993	$ 163,040,743
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	158.41%	144.80%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%
CalPERS		
District's proportion of the net pension liability (asset)	0.5366%	0.5465%
District's proportionate share of the net pension liability (asset)	$ 105,981,422	$ 80,561,650
District's covered - employee payroll	$ 64,365,730	$ 60,511,656
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	164.66%	133.13%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%

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

See accompanying note to required supplementary information.

2015
0.3264%
$ 190,731,688
115,172,028
$ 305,903,716
$ 150,043,685
127.12%
77%
0.5259%
$ 59,703,034
$ 55,215,032
108.13%
83%

CLOVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
CalSTRS		
Contractually required contribution	$ 22,942,735	$ 18,423,302
Contributions in relation to the contractually required contribution	22,942,735	18,423,302
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 182,374,682	$ 171,698,993
Contributions as a percentage of covered - employee payroll	12.58%	10.73%
CalPERS		
Contractually required contribution	$ 9,726,387	$ 7,625,408
Contributions in relation to the contractually required contribution	9,726,387	7,625,408
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 70,034,469	$ 64,365,730
Contributions as a percentage of covered - employee payroll	13.888%	11.847%

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

See accompanying note to required supplementary information.

2015
$ 14,478,017
14,478,017
$ -
$ 163,040,743
8.88%
$ 7,122,827
7,122,827
$ -
$ 60,511,656
11.771%

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.

***Changes in Benefit Terms* –** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

***Changes in Assumptions* –** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

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.

SUPPLEMENTARY INFORMATION

CLOVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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	N/A	$ 102,345
Pell Grant	84.063	N/A	537,382
Passed Through California Department of Education:			
Adult Education			
Basic	84.002A	14508	177,275
Secondary Education	84.002	13978	361,547
English Literacy and Civics Education	84.002A	14109	41,917
Title I, Part A, Basic	84.010	14329	6,631,429
Title I, Part C, Migrant	84.011	14326	95,544
Title I, Part G, Advanced Placement Fee Program	84.330B	14831	35,606
Title II, Part A, Supporting Effective Instruction	84.367	14341	711,565
Title II, Part B, Math and Science Partnerships	84.366	14512	885,991
Title III, English Language Acquisition - Limited English Proficient	84.365	14346	247,157
Title III, English Language Acquisition - Immigrant Education	84.365	15146	38,576
Title IV, Part B, 21st Century Community Learning Centers Program	84.186	14347	121,899
Special Education Cluster			
Special Education, Part B Basic Local Assistance	84.027	13379	5,669,455
Special Education, Part B, Preschool Local Entitlement	84.027A	13682	950,672
Special Education, Part B, Preschool Grants	84.173	13430	107,105
Special Education, Part B, Alternative Dispute Resolution	84.173A	13007	12,258
Special Education, Part B, Mental Health Allocation	84.027A	14468	471,076
Special Education, Part B, Preschool Staff Development	84.173A	13431	1,739
Subtotal Special Education Cluster			7,212,305
Special Education, Part C, Early Intervention	84.181	24314	81,623

N/A - Not applicable

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education:			
Carl D. Perkins Career and Technical Education, Secondary 131	84.048	14894	$ 241,889
Perkins Career and Technical Education Improvement Act of 2006 Rural Community Equipment Grants	84.048	15295	66,791
Workability II, Transitions Partnership	84.126	10006	153,079
Subtotal U.S. Department of Education			17,743,920
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	7,169,585
Basic Breakfast	10.553	13525	68,700
Especially Needy Breakfast	10.553	13526	1,630,073
Meals Supplements - Snack	10.555	13391	178,530
Summer Food Program	10.559	13004	128,622
Food Distribution - Commodities	10.555	13391	552,938
Subtotal Child Nutrition Cluster			9,728,448
Subtotal U.S. Department of Agriculture			9,728,448
U.S. DEPARTMENT OF DEFENSE			
Air Force Junior ROTC	12.357	N/A	53,046
Subtotal U.S. Department of Defense			53,046
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medi-Cal Billing Option	93.778	10013	1,271,570
Subtotal U.S. Department of Health and Human Services			1,271,570
Total Federal Programs			$ 28,796,984

N/A - Not applicable

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2017

ORGANIZATION

The Clovis Unified School District was established in 1960 and consists of an area comprising approximately 198 square miles. The District operates thirty-three 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
Sandra A. Budd	President	2018
Brian D. Heryford	Vice-President	2020
Elizabeth J. Sandoval	Clerk	2018
Christopher Casado	Member	2020
Jim Van Volkinburg D.D.S.	Member	2018
Ginny L. Hovsepian	Member	2020
Steven G. Fogg, M.D.	Member	2020

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, 2017

	Second Period Report	Annual Report
CLOVIS UNIFIED SCHOOL DISTRICT		
Regular ADA		
Transitional kindergarten through third	12,458.87	12,450.12
Fourth through sixth	9,389.77	9,370.96
Seventh and eighth	6,541.64	6,522.83
Ninth through twelfth	12,202.34	12,078.74
Total Regular ADA	40,592.62	40,422.65
Extended Year Special Education		
Transitional kindergarten through third	15.60	15.60
Fourth through sixth	8.28	8.28
Seventh and eighth	2.57	2.57
Ninth through twelfth	12.26	12.26
Total Extended Year Special Education	38.71	38.71
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.94	1.03
Fourth through sixth	2.54	2.62
Seventh and eighth	3.49	3.44
Ninth through twelfth	11.62	11.02
Total Special Education, Nonpublic, Nonsectarian Schools	18.59	18.11
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.21	0.21
Fourth through sixth	0.11	0.11
Seventh and eighth	0.78	0.78
Ninth through twelfth	0.89	0.89
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.99	1.99
Community Day School		
Fourth through sixth	13.08	12.98
Seventh and eighth	20.48	19.77
Ninth through twelfth	37.96	39.68
Total Community Day School	71.52	72.43
Total ADA	40,723.43	40,553.89

See accompanying note to supplementary information.

SCHEDULE OF AVERAGE DAILY ATTENDANCE, Continued
FOR THE YEAR ENDED JUNE 30, 2017

	Second Period Report	Annual Report
CLOVIS ONLINE CHARTER SCHOOL		
Regular ADA		
Seventh and eighth	46.01	47.53
Ninth through twelfth	312.35	318.18
Total ADA (Non-Classroom Based)	358.36	365.71

See accompanying note to supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017

Grade Level	1986-1987 Minutes Requirement	2016-2017 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	36,045	180	Complied
Grades 1 - 3	50,400			
Grade 1		56,475	180	Complied
Grade 2		56,475	180	Complied
Grade 3		56,475	180	Complied
Grades 4 - 8	54,000			
Grade 4		56,430	180	Complied
Grade 5		56,430	180	Complied
Grade 6		56,430	180	Complied
Grade 7		62,895	181	Complied
Grade 8		62,895	181	Complied
Grades 9 - 12	64,800			
Grade 9		65,217	181	Complied
Grade 10		65,217	181	Complied
Grade 11		65,217	181	Complied
Grade 12		65,217	181	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

There were no adjustments to the Unaudited Actual Financial Report which required reconciliation to the audited financial statements at June 30, 2017.

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

	(Budget) 2018 [1]	2017	2016	2015
GENERAL FUND				
Revenues	$ 428,396,571	$ 436,410,534	$ 421,029,907	$ 349,857,238
Other sources and transfers in	3,042,726	3,301,979	3,627,455	3,019,514
Total Revenues	431,439,297	439,712,513	424,657,362	352,876,752
Expenditures	425,597,358	418,089,356	379,205,921	347,244,096
Other uses and transfers out	7,882,559	11,537,347	16,068,448	6,126,886
Total Expenditures and Other Uses	433,479,917	429,626,703	395,274,369	353,370,982
INCREASE/(DECREASE) IN FUND BALANCE	$ (2,040,620)	$ 10,085,810	$ 29,382,993	$ (494,230)
ENDING FUND BALANCE	$ 89,687,133	$ 91,727,753	$ 81,641,943	$ 52,258,950
AVAILABLE RESERVES [2]	$ 75,771,075	$ 75,872,392	$ 60,413,137	$ 41,902,962
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	17.5%	17.7%	15.3%	11.9%
LONG-TERM OBLIGATIONS	Not Available	$ 769,170,634	$ 781,542,615	$ 652,633,834
AVERAGE DAILY ATTENDANCE AT P-2	41,188	40,723	40,027	39,379

The General Fund balance has increased by $39,468,803 over the past two years. The fiscal year 2017-2018 budget projects a decrease of $2,040,620 (2.22 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 surpluses in two of the past three years and anticipates incurring an operating deficit during the 2017-2018 fiscal year. Total long-term obligations have increased by $116,536,800 over the past two years primarily due to the issuance of General Obligation Bonds.

Average daily attendance has increased by 1,345 over the past two years. Additional growth of 465 ADA is anticipated during fiscal year 2017-2018.

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1 Budget 2018 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.

See accompanying note to supplementary information.

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2017

Name of Charter School	Included in Audit Report
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, 2017

	Charter School Fund	Adult Education Fund	Child Development Fund
ASSETS			
Deposits and investments	$ 1,930,334	$ 3,156,424	$ 1,245,737
Receivables	216,403	829,058	573,232
Due from other funds	524,909	-	-
Prepaid expenses	370,500	104,500	14,980
Stores inventories	-	33,056	-
Total Assets	$ 3,042,146	$ 4,123,038	$ 1,833,949
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 44,046	$ 35,151	$ 162,003
Due to other funds	5,672	153,386	120,935
Total Liabilities	49,718	188,537	282,938
Fund Balances:			
Nonspendable	370,500	141,056	14,980
Restricted	91,900	-	10,190
Committed	-	3,793,445	-
Assigned	2,530,028	-	1,525,841
Total Fund Balances	2,992,428	3,934,501	1,551,011
Total Liabilities and Fund Balances	$ 3,042,146	$ 4,123,038	$ 1,833,949

See accompanying note to supplementary information.

Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund
$ 6,255,933	$ 1,659,729	$ 11,366,086	$ 1,857,587	$ 2,629,847
1,584,622	4,800	38,560	2,000	72,004
-	-	224,971	33,226	5,803,842
-	-	-	-	-
290,393	-	-	-	-
$ 8,130,948	$ 1,664,529	$ 11,629,617	$ 1,892,813	$ 8,505,693
$ 337,931	$ 343,630	$ 479,147	$ 416,159	$ 196,201
187,208	-	172	16,613	33,226
525,139	343,630	479,319	432,772	229,427
290,393	-	-	-	-
7,315,416	-	11,150,298	1,460,041	-
-	1,320,899	-	-	-
-	-	-	-	8,276,266
7,605,809	1,320,899	11,150,298	1,460,041	8,276,266
$ 8,130,948	$ 1,664,529	$ 11,629,617	$ 1,892,813	$ 8,505,693

CLOVIS UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Central Valley School Districts Financing Corporation Fund	Total Non-Major Governmental Funds
ASSETS		
Deposits and investments	$ 1,442,955	$ 31,544,632
Receivables	4,800	3,325,479
Due from other funds	-	6,586,948
Prepaid expenses	-	489,980
Stores inventories	-	323,449
Total Assets	$ 1,447,755	$ 42,270,488
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ -	$ 2,014,268
Due to other funds	393,663	910,875
Total Liabilities	393,663	2,925,143
Fund Balances:		
Nonspendable	-	816,929
Restricted	1,054,092	21,081,937
Committed	-	5,114,344
Assigned	-	12,332,135
Total Fund Balances	1,054,092	39,345,345
Total Liabilities and Fund Balances	$ 1,447,755	$ 42,270,488

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, 2017

	Charter School Fund	Adult Education Fund
REVENUES		
Local Control Funding Formula	$ 3,326,070	$ -
Federal sources	-	1,184,912
Other State sources	218,521	2,539,996
Other local sources	38,460	2,082,946
Total Revenues	3,583,051	5,807,854
EXPENDITURES		
Current		
Instruction	1,614,101	2,977,268
Instruction-related activities:		
Supervision of instruction	10,732	627,128
Instructional library, media, and technology	64,835	180,409
School site administration	450,346	1,305,473
Pupil services:		
Food services	-	-
All other pupil services	205,855	303,987
Administration:		
All other administration	48,356	116,835
Plant services	29,145	302,768
Facility acquisition and construction	-	30,562
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures	2,423,370	5,844,430
Excess (Deficiency) of Revenues Over Expenditures	1,159,681	(36,576)
Other Financing Sources		
Transfers in	-	846,880
Other sources	-	-
Transfers out	-	-
Net Other Financing Sources	-	846,880
NET CHANGE IN FUND BALANCES	1,159,681	810,304
Fund Balance - Beginning	1,832,747	3,124,197
Fund Balance - Ending	$ 2,992,428	$ 3,934,501

See accompanying note to supplementary information.

Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
$ -	$ -	$ -	$ -	$ -
-	9,728,448	-	-	-
3,709,774	672,588	-	-	-
7,612,624	4,137,478	19,589	16,329,504	-
11,322,398	14,538,514	19,589	16,329,504	-
8,626,117	-	-	-	-
1,570,821	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	14,010,182	-	-	-
125,389	-	-	-	-
478,671	645,297	-	-	-
234,556	-	2,064,266	2,085,627	416,159
447,464	-	1,247,686	5,998,312	265,909
63,000	-	-	-	-
-	-	-	-	-
11,546,018	14,655,479	3,311,952	8,083,939	682,068
(223,620)	(116,965)	(3,292,363)	8,245,565	(682,068)
-	-	4,100,000	-	682,068
378,000	-	-	-	-
(1,189,716)	(959,679)	(1,420,700)	(837,089)	-
(811,716)	(959,679)	2,679,300	(837,089)	682,068
(1,035,336)	(1,076,644)	(613,063)	7,408,476	-
2,586,347	8,682,453	1,933,962	3,741,822	1,460,041
$ 1,551,011	$ 7,605,809	$ 1,320,899	$ 11,150,298	$ 1,460,041

CLOVIS UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Special Reserve Capital Outlay Fund	Central Valley School Districts Financing Corporation Fund
REVENUES		
Local Control Funding Formula	$ -	$ -
Federal sources	-	-
Other State sources	-	-
Other local sources	4,441,092	18,597
Total Revenues	4,441,092	18,597
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	286,449	-
Facility acquisition and construction	4,033,159	-
Debt service		
Principal	-	385,000
Interest and other	-	8,663
Total Expenditures	4,319,608	393,663
Excess (Deficiency) of Revenues Over Expenditures	121,484	(375,066)
Other Financing Sources		
Transfers in	4,607,175	393,663
Other sources	-	-
Transfers out	(3,747,589)	-
Net Other Financing Sources	859,586	393,663
NET CHANGE IN FUND BALANCES	981,070	18,597
Fund Balance - Beginning	7,295,196	1,035,495
Fund Balance - Ending	$ 8,276,266	$ 1,054,092

See accompanying note to supplementary information.

Total Non-Major Governmental Funds
$ 3,326,070
10,913,360
7,140,879
34,680,290
56,060,599
13,217,486
2,208,681
245,244
1,755,819
14,010,182
635,231
1,289,159
5,418,970
12,023,092
448,000
8,663
51,260,527
4,800,072
10,629,786
378,000
(8,154,773)
2,853,013
7,653,085
31,692,260
$ 39,345,345

CLOVIS UNIFIED SCHOOL DISTRICT

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Warrant/ Pass-Through Fund	Associated Student Body Funds	Total
ASSETS			
Cash in county treasury	$ 8,713,510	$ 2,095,501	$ 10,809,011
Accounts receivable	206,647	-	206,647
Total Assets	$ 8,920,157	$ 2,095,501	$ 11,015,658
LIABILITIES			
Accounts payable	$ 3,207,315	$ -	$ 3,207,315
Due to student groups/other agencies	5,712,842	2,095,501	7,808,343
Total Liabilities	$ 8,920,157	$ 2,095,501	$ 11,015,658

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
STUDENT BODY FUNDS
JUNE 30, 2017

	High Schools	Intermediate Schools	Elementary Schools	Total
ASSETS				
Cash on hand and in banks	$ 1,112,402	$ 294,431	$ 688,668	$ 2,095,501
LIABILITIES				
Due to student groups				
Club accounts	$ 556,420	$ 94,552	$ -	$ 650,972
General ASB accounts	555,982	199,879	688,668	1,444,529
Total due to student groups	$ 1,112,402	$ 294,431	$ 688,668	$ 2,095,501

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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
HIGH SCHOOLS				
ASSETS				
Cash on Hand and in Banks	$ 1,106,143	$ 4,150,732	$ 4,144,473	$ 1,112,402
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 486,608	$ 1,124,818	$ 1,055,006	$ 556,420
General ASB Accounts	619,535	3,025,914	3,089,467	555,982
Total Due to Student Groups	$ 1,106,143	$ 4,150,732	$ 4,144,473	$ 1,112,402
INTERMEDIATE SCHOOLS				
ASSETS				
Cash on Hand and in Banks	$ 305,494	$ 888,032	$ 899,095	$ 294,431
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 97,539	$ 303,109	$ 306,096	$ 94,552
General ASB Accounts	207,955	584,923	592,999	199,879
Total Due to Student Groups	$ 305,494	$ 888,032	$ 899,095	$ 294,431
TOTALS				
ASSETS				
Cash on Hand and in Banks	$ 1,411,637	$ 5,038,764	$ 5,043,568	$ 1,406,833
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 584,147	$ 1,427,927	$ 1,361,102	$ 650,972
General ASB Accounts	827,490	3,610,837	3,682,466	755,861
Total Due to Student Groups	$ 1,411,637	$ 5,038,764	$ 5,043,568	$ 1,406,833

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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Buchanan High School				
ASSETS				
Cash on Hand and in Banks	$ 265,652	$ 883,822	$ 915,783	$ 233,691
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 125,275	$ 140,322	$ 138,799	$ 126,798
General ASB Accounts	140,377	743,500	776,984	106,893
Total Due to Student Groups	$ 265,652	$ 883,822	$ 915,783	$ 233,691
Clovis High School				
ASSETS				
Cash on Hand and in Banks	$ 278,429	$ 870,335	$ 848,810	$ 299,954
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 127,742	$ 153,330	$ 146,763	$ 134,309
General ASB Accounts	150,687	717,005	702,047	165,645
Total Due to Student Groups	$ 278,429	$ 870,335	$ 848,810	$ 299,954
Clovis East High School				
ASSETS				
Cash on Hand and in Banks	$ 158,529	$ 465,407	$ 474,985	$ 148,951
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 70,019	$ 193,504	$ 182,264	$ 81,259
General ASB Accounts	88,510	271,903	292,721	67,692
Total Due to Student Groups	$ 158,529	$ 465,407	$ 474,985	$ 148,951

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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Clovis North High School				
ASSETS				
Cash on Hand and in Banks	$ 255,504	$ 1,167,242	$ 1,157,728	$ 265,018
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 91,009	$ 421,444	$ 404,670	$ 107,783
General ASB Accounts	164,495	745,798	753,058	157,235
Total Due to Student Groups	$ 255,504	$ 1,167,242	$ 1,157,728	$ 265,018
Clovis West High School				
ASSETS				
Cash on Hand and in Banks	$ 124,278	$ 751,206	$ 729,065	$ 146,419
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 72,563	$ 216,218	$ 182,510	$ 106,271
General ASB Accounts	51,715	534,988	546,555	40,148
Total Due to Student Groups	$ 124,278	$ 751,206	$ 729,065	$ 146,419
Gateway Continuation School				
ASSETS				
Cash on Hand and in Banks	$ 23,751	$ 12,720	$ 18,102	$ 18,369
LIABILITIES				
Due to Student Groups				
General ASB Accounts	$ 23,751	$ 12,720	$ 18,102	$ 18,369

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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Totals				
ASSETS				
Cash on Hand and in Banks	$ 1,106,143	$ 4,150,732	$ 4,144,473	$ 1,112,402
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 486,608	$ 1,124,818	$ 1,055,006	$ 556,420
General ASB Accounts	619,535	3,025,914	3,089,467	555,982
Total Due to Student Groups	$ 1,106,143	$ 4,150,732	$ 4,144,473	$ 1,112,402

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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Alta Sierra Intermediate School				
ASSETS				
Cash on Hand and in Banks	$ 48,265	$ 307,077	$ 294,797	$ 60,545
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 13,279	$ 78,771	$ 78,168	$ 13,882
General ASB Accounts	34,986	228,306	216,629	46,663
Total Due to Student Groups	$ 48,265	$ 307,077	$ 294,797	$ 60,545
C. Todd Clark Intermediate School				
ASSETS				
Cash on Hand and in Banks	$ 100,008	$ 267,516	$ 286,590	$ 80,934
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 25,099	$ 94,833	$ 103,671	$ 16,261
General ASB Accounts	74,909	172,683	182,919	64,673
Total Due to Student Groups	$ 100,008	$ 267,516	$ 286,590	$ 80,934
Kastner Intermediate School				
ASSETS				
Cash on Hand and in Banks	$ 90,024	$ 196,945	$ 202,003	$ 84,966
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 43,039	$ 103,646	$ 107,023	$ 39,662
General ASB Accounts	46,985	93,299	94,980	45,304
Total Due to Student Groups	$ 90,024	$ 196,945	$ 202,003	$ 84,966

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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Reyburn Intermediate School				
ASSETS				
Cash on Hand and in Banks	$ 67,197	$ 116,494	$ 115,705	$ 67,986
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 16,122	$ 25,859	$ 17,234	$ 24,747
General ASB Accounts	51,075	90,635	98,471	43,239
Total Due to Student Groups	$ 67,197	$ 116,494	$ 115,705	$ 67,986
Totals				
ASSETS				
Cash on Hand and in Banks	$ 305,494	$ 888,032	$ 899,095	$ 294,431
LIABILITIES				
Due to Student Groups				
Club Accounts	$ 97,539	$ 303,109	$ 306,096	$ 94,552
General ASB Accounts	207,955	584,923	592,999	199,879
Total Due to Student Groups	$ 305,494	$ 888,032	$ 899,095	$ 294,431

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, 2017

ELEMENTARY SCHOOL	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Boris	$ -	$ 85,380	$ 84,759	$ 621
Bud Rank	18,889	133,509	140,596	11,802
Cedarwood	14,671	111,524	115,158	11,037
Century	13,971	100,803	92,480	22,294
Clovis Elementary	12,717	126,034	110,045	28,706
Cole	23,816	96,977	105,442	15,351
Copper Hills	18,831	90,607	87,307	22,131
Cox	14,984	73,566	78,448	10,102
Dry Creek	22,006	124,728	143,571	3,163
Fancher Creek	61,852	86,938	93,255	55,535
Fort Washington	7,088	60,838	59,083	8,843
Freedom	15,562	97,734	78,797	34,499
Fugman	54,904	163,400	160,008	58,296
Garfield	4,177	105,664	100,661	9,180
Gettysburg	19,326	109,210	106,257	22,279
Jefferson	11,347	74,491	77,478	8,360
Liberty	8,075	75,945	78,582	5,438
Lincoln	11,174	64,566	59,192	16,548
Maple Creek	17,122	70,198	68,498	18,822
Miramonte	17,046	69,871	61,761	25,156
Mountain View	18,962	123,475	113,899	28,538
Nelson	14,820	71,947	75,539	11,228
Oraze	28,697	97,868	89,221	37,344
Pinedale	443	50,314	48,929	1,828
Reagan	17,115	54,335	54,133	17,317
Red Bank	43,915	176,464	171,814	48,565
Riverview	32,598	108,996	102,004	39,590
Sierra Vista	10,787	42,647	42,463	10,971
Tarpey	26,877	88,371	102,441	12,807
Temperance-Kutner	37,433	59,237	67,469	29,201
Valley Oak	21,510	69,505	69,318	21,697
Weldon	12,407	91,549	90,957	12,999
Woods	31,434	117,819	120,833	28,420
Total	$ 664,556	$ 3,074,510	$ 3,050,398	$ 688,668

See accompanying note to supplementary information.

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.

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.

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

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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, 2017, 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 30, 2017.

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.

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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.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 30, 2017

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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, 2017. 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.

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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, 2017.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 30, 2017

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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 *2016-2017 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, 2017.

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 *2016-2017 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 opinions. 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, 2017.

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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	No (see below)
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
Mental Health Expenditures	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)

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

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 procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform 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 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 procedures for the Charter Schools Mode of Instruction or Annual Instruction Minutes Classroom-Based because the District's charter school is entirely non-classroom based.

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
November 30, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CLOVIS UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 863,910
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

CLOVIS UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

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