

**COLUSA UNIFIED SCHOOL DISTRICT**

**COUNTY OF COLUSA  
COLUSA, CALIFORNIA**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

# COLUSA UNIFIED SCHOOL DISTRICT

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# COLUSA UNIFIED SCHOOL DISTRICT

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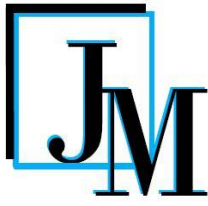
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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Colusa Unified School District  
Colusa, 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 Colusa Unified School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Colusa Unified School District (the “District”), as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 supplementary information as listed in the table of contents 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 16, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*James Marta & Company LLP*

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 16, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# COLUSA UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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### OVERVIEW OF THE FINANCIAL STATEMENTS

#### **The Financial Statements**

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government -Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the Statement in regards to interfund activity, payables, and receivables.

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

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

The *Fiduciary Activities* only report a balance sheet and do not have a measurement focus.

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

The primary unit of the government is the Colusa Unified School District.

### GOVERNMENT-WIDE STATEMENTS

#### **The Statement of Net Position and the Statement of Activities**

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

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which 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 one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.



# COLUSA UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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### **Governmental Activities**

The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, finance these activities.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Funds are required to be established by State and Federal law.

### **Governmental Funds**

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measure cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following each governmental fund financial statement.

### **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

#### **Net Position**

The District's combined net position, as of June 30, 2016, was (\$4,243,310) reflecting an increase of 22.2%. The increase is mainly due to an increase in federal and state aid not restricted for specific purposes.

#### **Change in Net Position**

The District's total revenues increased 21.6% to \$16,631,020. The District's expenses are predominantly related to educating and caring for students (72.9%). The purely administrative activities of the District accounted for 6.2% of total costs.

#### **Governmental Activities**

As reported in the Statement of Activities on page 10, the cost of all of our governmental activities was \$15,417,645 and \$13,109,969 for June 30, 2016 and 2015, respectively.

The Statement of Activities reflects the net cost of each of the District's largest functions – instruction, pupil support services, maintenance and operations, administration, and other costs. Included in this table are each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

<b>Condensed Statement of Net Position</b>				
	June 30, 2015	June 30, 2016	Change	Percentage Change
<b>Assets</b>				
Current assets	\$ 9,314,642	\$ 9,016,370	\$ (298,272)	-3.2%
Capital assets	2,718,271	5,250,489	2,532,218	93.2%
Total assets	<u>12,032,913</u>	<u>14,266,859</u>	<u>2,233,946</u>	<u>18.6%</u>
<b>Deferred Outflows of Resources</b>	<u>1,017,325</u>	<u>1,811,928</u>	<u>794,603</u>	<u>78.1%</u>
<b>Liabilities</b>				
Current liabilities	1,082,815	2,466,745	1,383,930	127.8%
Long-term liabilities	<u>14,773,371</u>	<u>16,799,116</u>	<u>2,025,745</u>	<u>13.7%</u>
Total liabilities	<u>15,856,186</u>	<u>19,265,861</u>	<u>3,409,675</u>	<u>21.5%</u>
<b>Deferred Inflows of Resources</b>	<u>2,650,737</u>	<u>1,056,236</u>	<u>(1,594,501)</u>	<u>-60.2%</u>
<b>Net Position</b>				
Invested in capital assets, net of related debt	2,443,675	3,050,254	606,579	24.8%
Restricted	7,190,434	567,746	(6,622,688)	-92.1%
Unrestricted	<u>(15,090,794)</u>	<u>(7,861,310)</u>	<u>7,229,484</u>	<u>47.9%</u>
Total net position	<u>\$ (5,456,685)</u>	<u>\$ (4,243,310)</u>	<u>\$ 1,213,375</u>	<u>22.2%</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

**Condensed Statement of Activities for the Fiscal Years Ended June 30**

	2015	2016	Change	Percentage Change
<b>Revenues</b>				
Charges for services	\$ 126,709	\$ 123,518	\$ (3,191)	-2.5%
Operating grants and contributions	1,808,914	2,271,326	462,412	25.6%
Taxes levied for general purposes	2,854,910	3,107,537	252,627	8.8%
Taxes levied for debt service	-	292,184	292,184	100.0%
Federal and state aid not restricted for specific purposes	8,344,342	10,307,023	1,962,681	23.5%
Interest and investment earnings	24,311	146,066	121,755	500.8%
Interagency revenues	255,362	201,943	(53,419)	-20.9%
Miscellaneous	135,302	181,423	46,121	34.1%
Special and extraordinary items	130,973	-	(130,973)	100%
Total revenues	<u>13,680,823</u>	<u>16,631,020</u>	<u>2,950,197</u>	<u>21.6%</u>
<b>Expenses</b>				
Instruction	7,259,547	8,967,765	1,708,218	23.5%
Instruction-related services	816,229	941,448	125,219	15.3%
Pupil services	1,400,988	1,323,564	(77,424)	-5.5%
General administration	882,675	962,906	80,231	9.1%
Plant services	1,446,922	1,667,860	220,938	15.3%
Ancillary services	175,626	189,116	13,490	7.7%
Community services	1,935	1,935	-	0.0%
Interest on long-term debt	332,404	441,114	108,710	32.7%
Other outgo	602,689	712,345	109,656	18.2%
Depreciation (unallocated)	190,954	209,592	18,638	9.8%
Total expenses	<u>13,109,969</u>	<u>15,417,645</u>	<u>2,307,676</u>	<u>17.6%</u>
Change in net position	<u>\$ 570,854</u>	<u>\$ 1,213,375</u>	<u>\$ 642,521</u>	<u>112.6%</u>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the school year, the governmental funds reported a combined fund balance of \$6,846,234 which is a decrease of \$1,787,498 from last year mainly due to spending on Measure A bond projects and an increase in salaries and employee benefits expense.

**General Fund Budgetary Highlights**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim and any other time there are significant changes.

# COLUSA UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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The District did not incur unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

Capital assets, net of depreciation, increased \$2,532,218 due to current year acquisitions and improvements growing at a higher rate than accumulated depreciation. There were no disposals in the current year.

#### Long-Term Liabilities

Total long-term liabilities increased by \$1,901,712 in the current year. The main cause was an increase in net pension liability of \$1,910,712. Also, six new retirees elected to participate in the District's retirement incentive program in the current year, which lead to an increase in Supplemental Employee Retirement Program liability of \$300,000, offset by current year payments of \$61,983. The District made payments as scheduled for its Golden Handshake STRS, Capital Leases, and General Obligation Bond liabilities (total reduction of long-term liabilities of \$263,816). Compensated absence liability increased by \$17,047.

In conformity with GASB Standard No. 68, the District currently has deferred outflows of \$1,811,928 and deferred inflows of \$737,217 related to the net pension liability as of June 30, 2016. The District currently has deferred inflows of \$319,019 related to the prior year bond issuance.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. Enrollment is expected to remain stable during fiscal year 2016-17.
- The State's economic and budget situation made a positive impact on the District's budget beginning 2013-14 and has continued into 2016-17, but negatively impacted the District in years prior going back to 2008-2009.
- Future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the: District Office, Colusa Unified School District, 745 Tenth Street, Colusa, California 95932-2220.

## **BASIC FINANCIAL STATEMENTS**

COLUSA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,616,247
Receivables	378,142
Prepaid expenses	11,726
Stores inventories	10,255
Capital assets, net of accumulated depreciation	<u>5,250,489</u>
Total Assets	<u>14,266,859</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows on pensions (note 6)	<u>1,811,928</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	2,083,690
Unearned revenue	105,183
Long-term liabilities:	
Due within one year	277,872
Due in more than one year	<u>16,799,116</u>
Total Liabilities	<u>19,265,861</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred bond premium revenue	319,019
Deferred inflows on pensions (note 6)	<u>737,217</u>
Total deferred inflows	<u>1,056,236</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	3,050,254
Restricted	567,746
Unrestricted	<u>(7,861,310)</u>
Total Net Position	<u>\$ (4,243,310)</u>

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

**COLUSA UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		<u>Program Revenues</u>		<b>Net (Expense) Revenues and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental Activities				
Instruction	\$ 8,967,765	\$ 11,927	\$ 1,163,297	\$ (7,792,541)
Instruction-related services:				
Instructional supervision	13,045	-	-	(13,045)
Instructional library, media and technology	49,079	-	-	(49,079)
School site administration	879,324	-	82,496	(796,828)
Pupil Services:				
Home-to-school transportation	108,511	-	-	(108,511)
Food services	585,292	99,344	561,304	75,356
All other pupil services	629,761	-	20,446	(609,315)
General administration:				
Centralized data processing	263,255	-	-	(263,255)
All other general administration	699,651	3,250	53,129	(643,272)
Plant services	1,667,860	8,997	386,319	(1,272,544)
Ancillary services	189,116	-	4,335	(184,781)
Community services	1,935	-	-	(1,935)
Interest on long-term debt	441,114	-	-	(441,114)
Other outgo	712,345	-	-	(712,345)
Depreciation (unallocated)	209,592	-	-	(209,592)
Total governmental activities	<u>\$ 15,417,645</u>	<u>\$ 123,518</u>	<u>\$ 2,271,326</u>	<u>(13,022,801)</u>
General Revenues				
Taxes and subventions:				
Taxes levied for general purposes				3,107,537
Taxes levied for debt service				292,184
Federal and state aid not restricted to specific purposes				10,307,023
Interest and investment earnings				146,066
Interagency revenues				201,943
Miscellaneous				181,423
Total general revenues				<u>14,236,176</u>
Change in net position				1,213,375
Net Position - beginning				<u>(5,456,685)</u>
Net Position, June 30, 2016				<u>\$ (4,243,310)</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,115,025	\$ 1,291,623	\$ 4,869,928	\$ 339,671	\$ 8,616,247
Accounts receivable	262,464	6,000	25,000	84,678	378,142
Prepaid Expenses	11,726	-	-	-	11,726
Due from other funds	49,901	-	-	-	49,901
Inventory	-	-	-	10,255	10,255
<b>Total Assets</b>	<u>\$ 2,439,116</u>	<u>\$ 1,297,623</u>	<u>\$ 4,894,928</u>	<u>\$ 434,604</u>	<u>\$ 9,066,271</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 645,604	\$ 320,033	\$ 1,078,762	\$ 20,554	\$ 2,064,953
Unearned revenue	105,183	-	-	-	105,183
Due to other funds	-	-	-	49,901	49,901
<b>Total Liabilities</b>	<u>750,787</u>	<u>320,033</u>	<u>1,078,762</u>	<u>70,455</u>	<u>2,220,037</u>
<b>Fund balances</b>					
Nonspendable	42,076	-	-	10,255	52,331
Restricted	441,014	-	-	126,732	567,746
Committed	756,353	977,590	3,816,166	227,162	5,777,271
Unassigned	448,886	-	-	-	448,886
<b>Total Fund Balances</b>	<u>1,688,329</u>	<u>977,590</u>	<u>3,816,166</u>	<u>364,149</u>	<u>6,846,234</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,439,116</u>	<u>\$ 1,297,623</u>	<u>\$ 4,894,928</u>	<u>\$ 434,604</u>	<u>\$ 9,066,271</u>



**COLUSA UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2016**

Total fund balances - governmental funds	\$	6,846,234
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Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$ 13,928,169	
Accumulated depreciation	<u>(8,677,680)</u>	
Net		5,250,489

Unamortized costs: In governmental funds, debt issuance premiums, gain or loss on refunding, and defeasance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, these amounts are amortized over the life of the debt. Unamortized premiums consist of: (319,019)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was: (18,737)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	\$ 5,710,000	
Net Pension Liability	10,648,651	
Supplemental Employee Retirement Program	354,589	
Compensated absences payable	77,868	
Capital leases payable	128,790	
Golden Handshake STRS	<u>157,090</u>	
		<u>(17,076,988)</u>

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

Deferred outflows of resources relating to pensions		1,811,928
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Deferred inflows of resources relating to pensions		<u>(737,217)</u>
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Total net position - governmental activities	\$	<u><u>(4,243,310)</u></u>
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The accompanying notes are an integral part of these financial statements.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>General Fund</b>	<b>Capital Facilities Fund</b>	<b>Building Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>REVENUES</b>					
LCFF sources	\$ 12,397,758	\$ -	\$ -	\$ -	\$ 12,397,758
Federal revenue	554,244	-	-	585,158	1,139,402
Other state revenues	2,109,700	-	-	49,204	2,158,904
Other local revenues	388,312	58,256	81,612	406,776	934,956
Total revenues	15,450,014	58,256	81,612	1,041,138	16,631,020
<b>EXPENDITURES</b>					
Certificated salaries	6,468,063	-	-	-	6,468,063
Classified salaries	2,047,601	-	-	265,065	2,312,666
Employee benefits	2,952,259	-	-	96,479	3,048,738
Books and supplies	1,104,359	14,202	-	241,688	1,360,249
Services and other operating expenditures	1,223,294	22,732	-	64,660	1,310,686
Capital outlay	402,141	368,794	1,973,274	-	2,744,209
Other outgo	747,353	-	-	20,037	767,390
Debt service expenditures	-	-	-	406,517	406,517
Total expenditures	14,945,070	405,728	1,973,274	1,094,446	18,418,518
Excess (deficiency) of revenues over expenditures	504,944	(347,472)	(1,891,662)	(53,308)	(1,787,498)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	17,787	17,787
Operating transfers out	(17,787)	-	-	-	(17,787)
Total other financing sources (uses)	(17,787)	-	-	17,787	-
Net change in fund balances	487,157	(347,472)	(1,891,662)	(35,521)	(1,787,498)
Fund balances, July 1, 2015	1,201,172	1,325,062	5,707,828	399,670	8,633,732
Fund balances, June 30, 2016	\$ 1,688,329	\$ 977,590	\$ 3,816,166	\$ 364,149	\$ 6,846,234

**COLUSA UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF  
ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds \$ (1,787,498)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

	Expenditures for capital outlay:	\$ 2,741,810	
	Depreciation expense:	<u>(209,592)</u>	2,532,218

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 237,635

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (18,736)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (17,047)

Supplementary Employee Retirement Program (SERP): In governmental funds, SERP costs are recognized when employer payments are made. In the statement of activities, SERP costs are recognized on the accrual basis. The difference between SERP costs and actual employer payments was: (238,017)

Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits financed over time. This year, expenses incurred for such obligations were:

State Teachers' Retirement System (STRS) Golden Handshake	26,181
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Pensions: In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 465,254

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is: 13,385

Total change in net position - governmental activities \$ 1,213,375

**COLUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**STUDENT BODY FUNDS**  
**JUNE 30, 2016**

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Assets:	
Cash in county treasury	\$ 55,645
Total Assets	<u>\$ 55,645</u>
Liabilities:	
Due to student groups	55,645
Total Liabilities	<u>\$ 55,645</u>

# COLUSA UNIFIED SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. HISTORY OF THE ORGANIZATION

The Colusa Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Governing Board elected by registered voters of the District, which comprises an area in Colusa County. The District serves students in grades kindergarten through twelfth.

#### B. REPORTING ENTITY

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

#### C. ACCOUNTING POLICIES

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

#### D. BASIS OF PRESENTATION

##### Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the District and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**D. BASIS OF PRESENTATION (CONTINUED)**

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**F. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, and fiduciary funds as follows:

*Governmental Funds*

The **General Fund** is the general operating fund of the District and accounts for all revenues and expenditures of the District, not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The **Cafeteria Fund** is used to account separately for federal, state, and local resources to operate the food service program.

The **Capital Projects Funds** are used to account for resources used for the acquisition or construction of major capital facilities and equipment.

The **Building Fund** is used 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.

The **Capital Facilities Fund** is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626).

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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**F. FUND ACCOUNTING (CONTINUED)**

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

The **Agency Funds** are used to account for assets of others for which the District acts as an agent. The District maintains accounts for student body activities at each school site.

**G. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**H. ENCUMBRANCES**

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



**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**I. DEPOSITS AND INVESTMENTS**

The District is authorized to maintain cash in banks and revolving funds that are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC).

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 County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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.

Investments 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.

**J. PREPAID EXPENSES/EXPENDITURES**

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to recognize expenditures when incurred. Prepaid expenses include the costs of issuance associated with bond issues, which are amortized over the life of the bond obligation. Reported expenses are equally offset by a net position reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

**K. INVENTORY**

Inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The Cafeteria Fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**L. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives as follows: buildings and improvements, 5 to 50 years; furniture and equipment, 2 to 15 years; and vehicles, 8 years.

**M. UNEARNED REVENUE**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

**N. COMPENSATED ABSENCES**

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**O. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

**P. RESTRICTED NET POSITION**

Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

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

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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**Q. FUND BALANCE**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

*Assigned Fund Balance* reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for specific purposes.

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

**R. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX**

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

The County of Colusa is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. Taxes are levied for each fiscal year on taxable real and personal property in the county. Secured property taxes attach as an enforceable lien on property as of March 1. Property taxes become delinquent after December 10 and April 10, respectively.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**R. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX (CONTINUED)**

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

**S. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**T. 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 Colusa Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2016 consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash in County Treasury	\$ 8,585,311	\$ 55,645
Cash in revolving fund	<u>30,936</u>	<u>-</u>
	<u>\$ 8,616,247</u>	<u>\$ 55,645</u>

A. CASH IN REVOLVING FUNDS

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation.

B. CASH IN COUNTY TREASURY

County pool investments consist of District cash held by the Colusa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 685 days. The pool is rated AAA by Standard and Poor's.

**Interest Rate Risk.** California Government Code Section 53601 limits the District's investments to maturities of five years. 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.

**Credit Risk.** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**Fair Value Measurements.** Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2016 are as shown on the following page.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**2. CASH AND CASH EQUIVALENTS (CONTINUED)**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>US Agency, Treasury &amp; Municipal Notes (USATM):</b>				
<b>US Treasury Notes:</b>	\$ 428,947	\$ -	\$ -	\$ 428,947
<b>LAIF</b>	1,894,682	1,316,644	-	3,211,326
<b>Total</b>	<u>\$ 2,323,629</u>	<u>\$ 1,316,644</u>	<u>\$ -</u>	<u>\$ 3,640,273</u>

**3. INTERFUND TRANSACTIONS**

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Receivables/Payables

As of June 30, 2016, the interfund receivable and payable balances were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds		
General Fund	\$ 49,901	\$ -
Nonmajor Fund		
Cafeteria Fund	-	49,901
<b>Total</b>	<u>\$ 49,901</u>	<u>\$ 49,901</u>

Interfund Transfers

For the year ended June 30, 2016, the interfund transfers were as follows:

Transfer from General Fund to the Cafeteria Fund for Direct Program Support	<u>\$ 17,787</u>
<b>Total Transfers</b>	<u>\$ 17,787</u>

**COLUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**4. CAPITAL ASSETS**

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

	Balance July 1, 2015	Additions and Transfers	Deductions and Transfers	Balance June 30, 2016
Non-depreciable assets:				
Land	\$ 801,813	\$ -	\$ -	\$ 801,813
Work in progress	98,171	2,239,738	-	2,337,909
	<u>899,984</u>	<u>2,239,738</u>	<u>-</u>	<u>3,139,722</u>
Depreciable assets:				
Sites and improvements	799,556	-	-	799,556
Building and improvements	8,494,484	89,496	-	8,583,980
Furniture and equipment	992,335	412,576	-	1,404,911
	<u>10,286,375</u>	<u>502,072</u>	<u>-</u>	<u>10,788,447</u>
Totals, at cost	<u>11,186,359</u>	<u>2,741,810</u>	<u>-</u>	<u>13,928,169</u>
Accumulated depreciation:				
Sites and improvements	(642,488)	(16,661)	-	(659,149)
Building and improvements	(7,154,232)	(133,542)	-	(7,287,774)
Furniture and equipment	(671,368)	(59,389)	-	(730,757)
	<u>(8,468,088)</u>	<u>(209,592)</u>	<u>-</u>	<u>(8,677,680)</u>
Depreciable assets, net	<u>1,818,287</u>	<u>292,480</u>	<u>-</u>	<u>2,110,767</u>
Capital assets, net	<u>\$ 2,718,271</u>	<u>\$ 2,532,218</u>	<u>\$ -</u>	<u>\$ 5,250,489</u>

The entire amount of depreciation expense was unallocated in the Statement of Activities.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**5. LONG-TERM LIABILITIES**

**Schedule of Changes in Long-Term Liabilities**

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2016, is shown below:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Capital Leases	\$ 176,425	\$ -	\$ 47,635	\$ 128,790	\$ 49,803
Golden Handshake STRS	183,271	-	26,181	157,090	35,612
Compensated Absences	60,821	17,047	-	77,868	77,868
G.O. Bonds	5,900,000	-	190,000	5,710,000	-
Net Pension Liability	8,738,187	1,910,464	-	10,648,651	-
Supplemental Employer Retirement Program	116,572	300,000	61,983	354,589	114,589
	<u>\$ 15,175,276</u>	<u>\$ 2,227,511</u>	<u>\$ 325,799</u>	<u>\$ 17,076,988</u>	<u>\$ 277,872</u>

The General Fund makes payments for the capital leases. The accrued vacation (compensated absences) and the Supplemental Early Retirement Plan (SERP) will be paid by the fund for which the employee works. Payments on the General Obligation Bonds are made from the Building Fund.

**General Obligation Bonds**

In April 2015, the District issued General Obligation Bonds, Election of 2014 Series 2015 totaling \$5,900,000. Repayment of the Bonds is made from ad valorem property taxes levied and collected by Colusa County. The Serial and Term Bonds bear interest rates from 3% to 4% and are scheduled to mature through 2040.

The annual requirements to amortize the bonds as of June 30, 2016 are as follows:

Year Ended	Principal	Interest	Total
<u>June 30,</u>			
2017	\$ -	\$ 213,250	\$ 213,250
2018	100,000	213,250	313,250
2019	120,000	210,250	330,250
2020	120,000	206,650	326,650
2021	130,000	203,050	333,050
2022-2026	825,000	949,850	1,774,850
2027-2031	1,155,000	786,000	1,941,000
2032-2036	1,600,000	521,000	2,121,000
2037-2041	1,660,000	161,000	1,821,000
Totals	<u>\$ 5,710,000</u>	<u>\$ 3,464,300</u>	<u>\$9,174,300</u>



**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**5. LONG-TERM LIABILITIES (CONTINUED)**

**Capital Leases**

In October 2003, the district entered into a 15 year capital lease agreement to provide financing for a project for the acquisition and installation of a mechanical retrofit and energy management project in the amount of \$595,730 at 4.5% annual percentage rate. The leases have minimum payments as follows:

Year Ended June 30,	Lease Payment
2017	\$ 55,045
2018	55,045
2019	27,521
Totals	137,611
Less: Amount Representing Interest	(8,821)
Present value of minimum lease payments	<u>\$ 128,790</u>

**Supplemental Employee Retirement Program**

The District adopted an additional early retirement incentive program subject to a lifetime cap of \$50,000. The District will pay up to \$10,000 annually toward a District provided health and welfare benefit plan on behalf of retirees who meet certain criteria. The retiree must be at least 55 years of age and have 10 years of consecutive service within the District immediately preceding his/her retirement. Payment towards the District provided health and welfare benefit package selected by the retiree shall continue until the retiree's death or until the District has paid the total capped amount of \$50,000, whichever comes first. In 2015-16, six new retirees elected to participate in the retirement incentive program. Future estimated payments at June 30, 2016 are as follows:

Year Ended June 30,	Principal
2017	\$ 114,589
2018	60,000
2019	60,000
2020	60,000
2021	60,000
Totals	<u>\$ 354,589</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**6. EMPLOYEE RETIREMENT SYSTEMS**

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

Plan Description

**California Public Employees' Retirement System (CalPERS)**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**State Teachers' Retirement System (STRS)**

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

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

	<b>CalPERS</b>		<b>STRS</b>	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 60	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	60	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	6%	8.15%	8.15%
Required employer contribution rates	11.847%	11.847%	10.73%	10.73%

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Contributions

**CalPERS**

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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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. Colusa Unified School District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**STRS**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were:

	<u>CalPERS</u>	<u>STRS</u>	<u>Total</u>
Contributions - employer	\$ 228,381	\$ 685,760	\$ 914,141
On behalf contributions - state	-	357,761	357,761
Total	<u>\$ 228,381</u>	<u>\$ 1,043,521</u>	<u>\$ 1,271,902</u>

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

As of June 30, 2016, Colusa Unified School District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 2,355,805
STRS	8,292,846
Total Net Pension Liability	<u>\$ 10,648,651</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

Colusa Unified School District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. Colusa Unified School 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	<u>CalPERS</u>	<u>STRS</u>
Proportion - June 30, 2014	0.01507%	0.01203%
Proportion - June 30, 2015	0.01598%	0.01232%
Change - Increase (Decrease)	<u>0.00091%</u>	<u>0.00029%</u>

For the year ended June 30, 2016, the District recognized pension expense of \$238,681 and \$567,967 for CalPERS and STRS, respectively. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>CalPERS</u>		<u>STRS</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 228,381	\$ -	\$ 1,043,521	\$ -	\$ 1,271,902	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2014-15.	14,815	-	131,207	-	146,022	-
Change in employer's proportion and differences between proportionate share of contributions	102,520	144,747	156,846	-	259,366	144,747
Net differences between projected and actual earnings on plan investments	134,638	80,665	-	511,805	134,638	592,470
<b>Total</b>	<u>\$ 480,354</u>	<u>\$ 225,412</u>	<u>\$ 1,331,574</u>	<u>\$ 511,805</u>	<u>\$ 1,811,928</u>	<u>\$ 737,217</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>	<b>CalPERS</b>	<b>STRS</b>	<b>Total Deferred Inflows of Resources</b>
2017	\$ 6,640	\$ (55,938)	\$ (49,298)
2018	6,640	(55,938)	(49,298)
2019	6,640	(55,938)	(49,298)
2020	6,640	(55,938)	(49,298)
<b>Total</b>	<b>\$ 26,561</b>	<b>\$ (223,752)</b>	<b>\$ (197,191)</b>

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.65%	7.60%
Inflation	2.75%	3.00%
Payroll Growth Rate	3.00%	3.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%	7.60%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Discount Rate

**CalPERS**

The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Discount Rate (Continued)

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

<u>Asset Class</u>	<u>CalPERS</u>		
	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

**STRS**

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

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Discount Rate (Continued)

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

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of
Global Equity	55.0%	4.50%
Private Equity	17.0%	6.20%
Real Estate	13.0%	4.35%
Inflation Sensitive	13.0%	3.20%
Fixed Income	1.0%	0.20%
Cash/Liquidity	1.0%	0.00%
Total	100%	

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

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

	CalPERS		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability	\$ 3,834,268	\$ 2,355,805	\$ 1,126,363

	STRS		
	Discount Rate - 1% (6.60%)	Current Discount Rate (7.60%)	Discount Rate + 1% (8.60%)
Plan's Net Pension Liability	\$ 12,521,552	\$ 8,292,846	\$ 4,778,450

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2016, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2016.



**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**7. FUND BALANCES**

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 10,255	\$ 10,255
Prepaid Expenses	11,726	-	-	-	11,726
Revolving Cash	<u>30,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,350</u>
Total Nonspendable	<u>42,076</u>	<u>-</u>	<u>-</u>	<u>10,255</u>	<u>52,331</u>
Restricted:					
Child Nutrition: School Programs	-	-	-	126,732	126,732
California Clean Energy Jobs Act	329,278	-	-	-	329,278
Educator Effectiveness	<u>111,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,736</u>
Total Restricted	<u>441,014</u>	<u>-</u>	<u>-</u>	<u>126,732</u>	<u>567,746</u>
Committed:					
Other Commitments	<u>756,353</u>	<u>977,590</u>	<u>3,816,166</u>	<u>227,162</u>	<u>5,777,271</u>
Unassigned:					
Reserve for Economic Uncertainties	<u>448,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,886</u>
Total Fund Balances	<u>\$ 1,688,329</u>	<u>\$ 977,590</u>	<u>\$ 3,816,166</u>	<u>\$ 364,149</u>	<u>\$ 6,846,234</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**8. JOINT VENTURES**

The District is a member of three joint powers authorities (JPAs). The District pays an annual premium to the entities for their coverage. The relationship between the District, the pools, and the JPAs is such that the JPAs 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 available from the respective entities.

The District is a member of the following joint powers authorities (JPAs):

	Tri-Counties SIG June 30, 2015*	NVSIG June 30, 2015*	SELF June 30, 2016
Total Assets	\$ 15,297,057	\$ 3,475,999	\$ 138,820,266
Deferred Outflows of Resources	69,327	-	266,414
Total Liabilities	12,215,714	1,942,113	117,306,926
Deferred Inflows of Resources	135,426	-	245,133
Net Position	3,015,244	1,533,886	21,534,621
Revenues	\$ 65,688,226	\$ 11,337,926	\$ 13,898,598
Expenditures	66,292,944	11,378,213	24,553,606
Change in Net Position	\$ (604,718)	\$ (40,287)	\$ (10,655,008)

\* latest available audited financials

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**9. COMMITMENTS AND CONTINGENCIES**

As of June 30, 2016, the General Fund had the following commitment with respect to unfinished capital projects:

- District wide lighting/thermostat project – Air Systems, Inc., amount remaining on contract is \$308,412.

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

- Colusa High School Ag Barn project – ABS Builders, amount remaining on contract is \$13,196.
- Colusa High School Ag Barn project – Schmidt Construction, amount remaining on contract is \$79,316.
- Egling Middle School/Burchfield Elementary Portables project – American Modular, amount remaining on contract is \$173,100.
- Colusa high School restroom remodel project – Hometown Construction, amount remaining on contract is \$63,600.

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

**10. SUBSEQUENT EVENTS**

The District's management evaluated its June 30, 2016 financial statements for subsequent events through November 16, 2016, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COLUSA UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
LCFF sources	\$ 12,215,237	\$ 12,377,922	\$ 12,397,758	\$ 19,836
Federal revenue	477,531	571,564	554,244	(17,320)
Other state revenues	1,361,121	2,097,139	2,109,700	12,561
Other local revenues	216,409	306,432	388,312	81,880
<b>Total revenues</b>	<u>14,270,298</u>	<u>15,353,057</u>	<u>15,450,014</u>	<u>96,957</u>
<b>EXPENDITURES</b>				
Certificated salaries	6,110,674	6,468,947	6,468,063	884
Classified salaries	2,037,552	2,101,251	2,047,601	53,650
Employee benefits	2,662,761	2,995,002	2,952,259	42,743
Books and supplies	1,192,254	1,469,140	1,104,359	364,781
Services and other operating expenditures	1,102,071	1,332,213	1,223,294	108,919
Capital outlay	250,000.00	460,366	402,141	58,225
Other outgo	817,767	786,234	747,353	38,881
<b>Total expenditures</b>	<u>14,173,079</u>	<u>15,613,153</u>	<u>14,945,070</u>	<u>668,083</u>
Excess (deficiency) of revenues over expenditures	97,219	(260,096)	504,944	765,040
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	20,000	-	20,000
Operating transfers out	(35,000)	(35,000)	(17,787)	17,213
<b>Total other financing sources (uses)</b>	<u>(35,000)</u>	<u>(15,000)</u>	<u>(17,787)</u>	<u>(2,787)</u>
<b>Net change in fund balances</b>	62,219	(275,096)	487,157	762,253
Fund balances, July 1, 2015	<u>1,201,172</u>	<u>1,201,172</u>	<u>1,201,172</u>	<u>-</u>
Fund balances, June 30, 2016	<u>\$ 1,298,391</u>	<u>\$ 926,076</u>	<u>\$ 1,688,329</u>	<u>\$ 762,253</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>CalPERS</b>		
	<b>June 30, 2014</b>	<b>June 30, 2015</b> <sup>(1)</sup>
Proportion of the net pension liability	0.01507%	0.01598%
Proportionate share of the net pension liability	\$ 1,710,826	\$ 2,355,805
Covered-employee payroll <sup>(2)</sup>	\$ 1,582,126	\$ 1,758,040
Proportionate Share of the net pension liability as percentage of covered-employee payroll	108.13%	134.00%
Plans fiduciary net position as a percentage of the total pension liability	83.38%	79.43%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 208,122	\$ 208,275
<b>STRS</b>		
	<b>June 30, 2014</b>	<b>June 30, 2015</b> <sup>(1)</sup>
Proportion of the net pension liability	0.01203%	0.01232%
Proportionate share of the net pension liability	\$ 7,027,361	\$ 8,292,846
Covered-employee payroll <sup>(2)</sup>	\$ 5,356,206	\$ 4,731,538
Proportionate Share of the net pension liability as percentage of covered-employee payroll	131.20%	175.27%
Plans fiduciary net position as a percentage of the total pension liability	76.52%	74.02%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 524,093	\$ 507,694

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

<sup>(3)</sup> The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>CalPERS</b>	<b>Fiscal Year 2013-14</b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>
Actuarially Determined Contribution <sup>(2)</sup>	\$ 181,011	\$ 208,275
Contributions in relation to the actuarially determined contributions	(180,976)	(228,381)
Contribution deficiency (excess)	\$ 35	\$ (20,106)
Covered-employee payroll <sup>(3)</sup>	\$ 1,582,126	\$ 1,758,040
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	11.441%	11.847%
<b>STRS</b>		
	<b>Fiscal Year 2013-14 <sup>(1)</sup></b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>
Actuarially Determined Contribution <sup>(2)</sup>	\$ 441,887	\$ 507,694
Contributions in relation to the actuarially determined contributions	(447,271)	(685,760)
Contribution deficiency (excess)	\$ (5,384)	\$ (178,066)
Covered-employee payroll <sup>(3)</sup>	\$ 5,356,206	\$ 4,731,538
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	8.250%	10.730%

- <sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.
- <sup>(2)</sup> Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- <sup>(3)</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**1. PURPOSE OF SCHEDULES**

- A - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund

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

- B - Schedule of Proportionate Share of the Net Pension Liability

**Changes in assumptions**, in 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

- C - Schedule of Pension Contributions

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

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.65%	7.60%
Inflation	2.75%	3.00%
Payroll Growth Rate	3.00%	3.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%	7.60%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation



## **SUPPLEMENTARY INFORMATION**

**COLUSA UNIFIED SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**ALL NON-MAJOR FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Cafeteria Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 114,509	\$ 225,162	\$ 339,671
Accounts receivable	82,678	2,000	84,678
Inventory	10,255	-	10,255
	<u>114,509</u>	<u>225,162</u>	<u>339,671</u>
Total assets	<u>\$ 207,442</u>	<u>\$ 227,162</u>	<u>\$ 434,604</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 20,554	\$ -	\$ 20,554
Due to other funds	49,901	-	49,901
	<u>20,554</u>	<u>-</u>	<u>20,554</u>
Total Liabilities	<u>70,455</u>	<u>-</u>	<u>70,455</u>
Fund balances			
Nonspendable	10,255	-	10,255
Restricted	126,732	-	126,732
Committed	-	227,162	227,162
	<u>10,255</u>	<u>227,162</u>	<u>227,162</u>
Total Fund Balance	<u>136,987</u>	<u>227,162</u>	<u>364,149</u>
Total liabilities and fund balances	<u>\$ 207,442</u>	<u>\$ 227,162</u>	<u>\$ 434,604</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**ALL NON-MAJOR FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Cafeteria Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Totals</b>
<b>REVENUES</b>			
Federal revenue	\$ 585,158	\$ -	\$ 585,158
Other state revenues	45,566	3,638	49,204
Other local revenues	111,370	295,406	406,776
Total revenues	<u>742,094</u>	<u>299,044</u>	<u>1,041,138</u>
<b>EXPENDITURES</b>			
Classified salaries	265,065	-	265,065
Employee benefits	96,479	-	96,479
Books and supplies	241,688	-	241,688
Services and other operating expenditures	64,660	-	64,660
Other outgo	20,037	-	20,037
Debt service expenditures	-	406,517	406,517
Total expenditures	<u>687,929</u>	<u>406,517</u>	<u>1,094,446</u>
Excess (deficiency) of revenues over expenditures	<u>54,165</u>	<u>(107,473)</u>	<u>(53,308)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	17,787	-	17,787
Total other financing sources (uses)	<u>17,787</u>	<u>-</u>	<u>17,787</u>
Net change in fund balances	71,952	(107,473)	(35,521)
Fund balances, July 1, 2015	65,035	334,635	399,670
Fund balances, June 30, 2016	<u>\$ 136,987</u>	<u>\$ 227,162</u>	<u>\$ 364,149</u>

**COLUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Student Body Funds</b>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<b>Assets:</b>				
Cash in County Treasury				
Colusa High School	\$ 55,829	\$ 223,578	\$ (231,067)	\$ 48,340
Egling Middle School	4,144	26,031	(22,870)	7,305
<b>Total Assets</b>	<u>\$ 59,973</u>	<u>\$ 249,609</u>	<u>\$ (253,937)</u>	<u>\$ 55,645</u>
<b>Liabilities:</b>				
Due to student groups	\$ 59,973	\$ -	\$ (4,328)	\$ 55,645
<b>Total Liabilities</b>	<u>\$ 59,973</u>	<u>\$ -</u>	<u>\$ (4,328)</u>	<u>\$ 55,645</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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The Colusa Unified School District (the District) is located in Colusa, California. The District was organized as a unified school district of the State of California and provides public education for grades transitional kindergarten through twelve within Colusa County. There were no changes to the District boundaries in the current year. The District maintains one elementary school, one middle school, one high school, one continuation high school, and one alternative home school.

**GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Mrs. Kelli Griffith-Garcia	President	2016
Mrs. Kathie Whitesell	Clerk	2018
Mr. Lincoln Forry	Trustee	2016
Mr. Terry Bressler	Trustee	2016
Mr. Charles Yerxa	Trustee	2018

**ADMINISTRATION**

Dwayne Newman  
Superintendent

Sheryl Parker  
Chief Business Official

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Second Period Report</b>	<b>Revised Second Period Report</b>	<b>Annual Report</b>	<b>Revised Annual Report</b>
Elementary				
TK-3	473	473	474	474
Fourth through Sixth	290	290	291	291
Seventh to Eighth	218	218	218	218
Special Education	1	1	1	1
	<u>982</u>	<u>982</u>	<u>984</u>	<u>984</u>
Secondary				
Ninth through Twelfth	417	402	403	401
Special Education	2	2	1	1
Continuation Education	-	15	14	14
	<u>419</u>	<u>419</u>	<u>418</u>	<u>416</u>
	<u><u>1,401</u></u>	<u><u>1,401</u></u>	<u><u>1,402</u></u>	<u><u>1,400</u></u>

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>2015-16 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Kindergarten	36,000	54,500	180	In compliance
Grade 1	50,400	50,652	180	In compliance
Grade 2	50,400	50,652	180	In compliance
Grade 3	50,400	50,652	180	In compliance
Grade 4	54,000	54,652	180	In compliance
Grade 5	54,000	54,652	180	In compliance
Grade 6	54,000	54,652	180	In compliance
Grade 7	54,000	59,776	180	In compliance
Grade 8	54,000	59,776	180	In compliance
Grade 9	64,800	65,069	180	In compliance
Grade 10	64,800	65,069	180	In compliance
Grade 11	64,800	65,069	180	In compliance
Grade 12	64,800	65,069	180	In compliance

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHARTER SCHOOLS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2016**

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Charter Schools Chartered by District

Included in District Financial Statements,  
or Separate Report

There are currently no charter schools in the District.



**COLUSA UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT TO**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Federal Catalog Number</b>	<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	\$ 350,912
84.010A	NCLB: Title I, Part A, Program Improvement LEA Corrective Action, Minor Performance Problems	14957	38,972
	Total Title I Cluster	*	<u>389,884</u>
84.365	NCLB: Title III, Limited English Proficient (LEP) Student Program	14346	49,558
84.365	NCLB: Title III, Immigrant Education Program	15146	1,671
	Total Title III Cluster		<u>51,229</u>
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	9,754
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14334	79,461
	Total U.S. Department of Education		<u>530,328</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: Meal Supplements in National School Lunch Program - Monetary Assistance	13524	585,158
10.555	Child Nutrition: Meal Supplements in National School Lunch Program - Nonmonetary Assistance	13524	46,979
	Total Child Nutrition Cluster		<u>632,137</u>
	Total U.S. Department of Agriculture		<u>632,137</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Colusa County Office of Education</i>			
93.778	Medi-Cal Administrative Activities Passed through State of California	10060	23,916
	Total U.S. Department of Health and Human Services		<u>23,916</u>
	Total Federal Programs		<u>\$ 1,186,381</u>
*	Tested as a major program		

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>General Fund</b>	<b>Adopted Budget 2016/2017</b>	<b>Actuals 2015/2016</b>	<b>Actuals 2014/2015</b>	<b>Actuals 2013/2014</b>
Revenues and Other Financial Sources	\$ 15,393,163	\$ 15,450,014	\$ 12,793,105	\$ 11,791,326
Expenditures	15,845,730	14,945,070	12,872,590	11,778,671
Other Uses and Transfers Out	20,000	17,787	67,337	-
Total Outgo	15,865,730	14,962,857	12,939,927	11,778,671
Change in Fund Balance	(472,567)	487,157	(146,822)	12,655
Ending Fund Balance	\$ 1,215,762	\$ 1,688,329	\$ 1,201,172	\$ 1,347,994
Available Reserves	\$ 475,961	\$ 448,886	\$ 388,198	\$ 353,360
Reserve for Economic Uncertainties	\$ 475,961	\$ 448,886	\$ 388,198	\$ 353,360
Unappropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	3.0%
Total Long-Term Debt	\$ 16,799,116	\$ 17,076,988	\$ 15,175,276	\$ 713,074
Average Daily Attendance at P-2	1,403	1,401	1,379	1,388

The general fund balance has increased by \$352,990 over the past three years. The fiscal year 2016-17 budget projects a decrease of \$472,567. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District had an operating surplus in two of the past three fiscal years.

Total long-term liabilities have increased by \$16,363,914 over the past two years due to the addition of the net pension liability and issuance of bonds.

Average Daily Attendance (ADA) has increased by 13 over the past two years and ADA is budgeted to increase for the fiscal year 2016-17.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**1. Schedule of Average Daily Attendance**

Average daily attendance is a measurement of the number of pupils attending classes in 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.

**2. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes in accordance with the State’s standard requirements as required by Education Code Section 46201(b).

The District participated in the Longer Day incentives and met or exceeded its target funding.

**3. Schedule of Charter Schools**

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

**4. Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements**

This schedule provides information necessary to reconcile the Unaudited Actual Fund Financial Reports to the audited financial statements.

**5. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the fair value of federal food commodities received from the California Department of Education as a pass-through grant from the U.S. Department of Agriculture that are not reflected in the financial statements.

	<b>Federal Catalog Number</b>	<b>Amount</b>
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 1,139,402
Reconciling items		
Food Distribution - Commodities	10.555	46,979
Total Schedule of Expenditures of Federal Awards		\$ 1,186,381

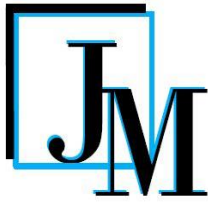
**COLUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**6. 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.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



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

Board of Trustees  
 Colusa Unified School District  
 Colusa, California

**Report on Compliance for Each State Program**

We have audited the compliance of Colusa Unified School District (the "District") with the types of compliance requirements described in the State of California's 2015-16 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2016.

**Management's Responsibility**

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the District's compliance based on our audit.

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 2015-16 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	Yes
Instructional Time for School Districts	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below

<u>Description</u>	<u>Procedures Performed</u>
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Educator Effectiveness	No, see below
California Clean Energy Jobs Act	Yes
After Schools Education and Safety Program	
General requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Fund	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	No, see below
<b>Charter Schools:</b>	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Kindergarten Continuance as no students repeated Kindergarten in the current year.

We did not perform any procedures related to Early Retirement Incentive Program, Juvenile Court Schools, Middle or Early College High School, Independent Study-Course Based or the Before School portion of After School Education and Safety because the District did not offer these programs.

We did not perform any procedures related to Educator Effectiveness as the district did not have any expenditures for this program in the current year.

We did not perform any procedures related to Immunizations as the district submitted immunization assessment reports to the California Department of Public Health (CDPH).

We did not perform any procedures related to Contemporaneous Records of Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, Annual Instructional Minutes-Classroom-Based for Charter Schools, and Charter School Facility Grant Program because the District did not have any charter schools.

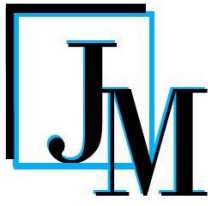
**Opinion on Compliance with State Laws and Regulations**

In our opinion, Colusa Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2016.

*James Marta & Company LLP*

James Marta & Company LLP  
 Certified Public Accountants  
 Sacramento, California  
 November 16, 2016





**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**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***

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Colusa Unified School District  
Colusa, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colusa Unified School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

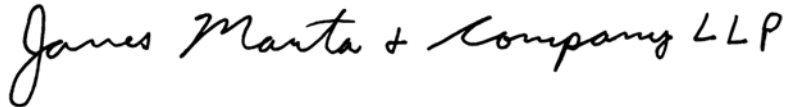
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

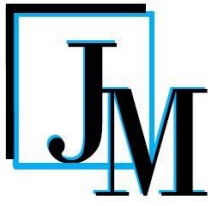
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 16, 2016



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Colusa Unified School District  
Colusa, California

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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 of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. 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 the 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 the District's compliance.

**Opinion on Each Major Federal Program**

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

## **Internal Control Over Compliance**

Management of the 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 the 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 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 the District's internal control over compliance.

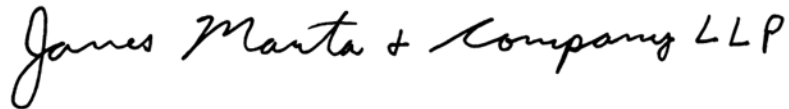
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 16, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 16, 2016

## **FINDINGS AND RECOMMENDATIONS**

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Section I – Summary of Audit Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes    \_\_\_\_\_ X No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)? \_\_\_\_\_ Yes    \_\_\_\_\_ X No

Identification of major programs:

CFDA Number(s)	<u>Name of Federal Program or Cluster</u>
84.010, 84.010A	Title I Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes    \_\_\_\_\_ No

**State Awards**

Internal control over state programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported

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

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Section II – Financial Statement Findings**

No matters were reported.



**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Section IV – State Award Findings and Questioned Costs**

No matters were reported.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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No matters were reported.