

FORESTVILLE UNION ELEMENTARY
SCHOOL DISTRICT

COUNTY OF SONOMA
FORESTVILLE, CALIFORNIA

ANNUAL FINANCIAL REPORT
JUNE 30, 2017

ROBERTSON & ASSOCIATES, CPAs
A Professional Corporation

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
ORGANIZATION
JUNE 30, 2017

The Forestville Union Elementary School District was established in 1899 and comprises an area located in Sonoma County. There were no changes in the boundaries of the District during the current year. The District currently operates a traditional school site serving transitional kindergarten through first grade. The District has authorized the following charter school:

Forestville Academy – Charter Number 0842, was granted and approved on August 28, 2006. The Charter serves second through eighth grades.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Jean Bullard	President	December, 2020
Mr. Max Broome	Clerk	December, 2018
Mr. Josh Nultemeler	Trustee	December, 2020
Mr. Gaylynne Sword	Trustee	December, 2018
Mr. Jake Vivian	Trustee	December, 2018

ADMINISTRATION

<u>Name</u>	<u>Title</u>	<u>Tenure</u>
Ms. Phyllis Parisi	Superintendent	4 Years
Ms. Diane Hughes	Business Manager	1 Years

ADDRESS OF DISTRICT OFFICE

6321 Highway 116
Forestville, CA 95436

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
JUNE 30, 2017

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FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Forestville Union Elementary School District
Forestville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Forestville Union Elementary School District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Forestville Union Elementary School District, as of June 30, 2017, and the respective changes in financial position 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, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of contributions and schedule of other postemployment benefits funding progress, on pages 4 through 14 and 53 through 58, 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 combining nonmajor fund financial statements and the District's introductory section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplementary information as listed in the table of contents are required by the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

This information, as listed in the table of contents, is the responsibility of management and was derived from and relate 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 combining nonmajor fund financial statements and accompanying supplementary information as listed in the table of contents as required by the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018 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 the District's internal control over financial reporting and compliance.

Robertson & Associates, CPAs

Lakeport, California
January 22, 2018

**Forestville Union Elementary School District
Management's Discussion and Analysis
June 30, 2017**

INTRODUCTION

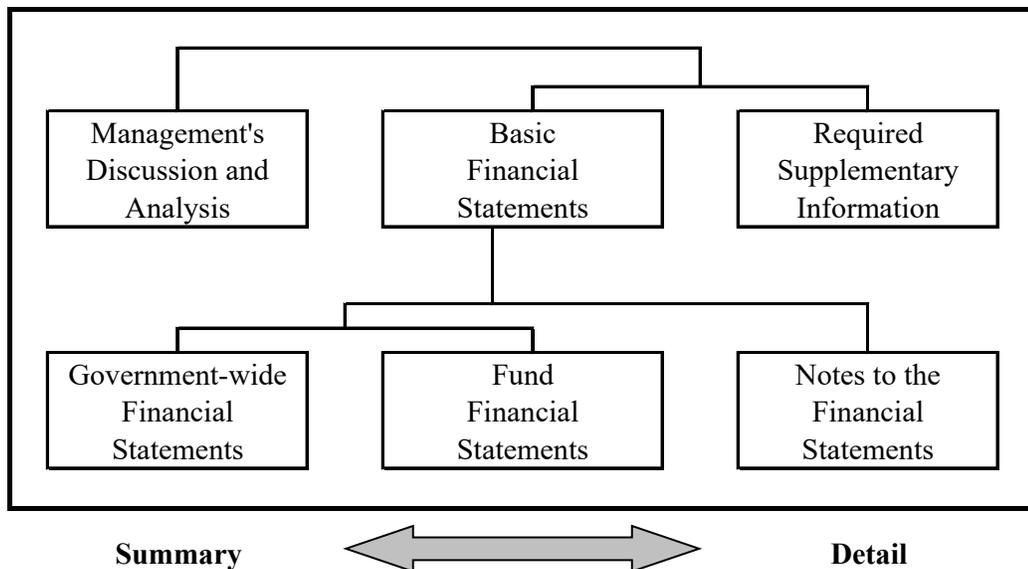
Our discussion and analysis of Forestville Union Elementary School District (District's) financial performance provides an overview of the District's financial activities for the year ended June 30, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ Total net position was \$(4,100,762) at June 30, 2017. This was a decrease of \$135,159 from the prior year.
- ❑ Overall revenues were \$5,744,863, overall expenses were \$5,880,022.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - **Governmental fund** statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

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

The two government-wide statements report the District’s net position and how they have changed. Net position, the difference between assets and liabilities, is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively. The net position of the District has decreased by 3% in the past year. The increase in net position is primarily due to an increase in the District’s assets and decrease in liabilities.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities. The District’s average daily attendance has decreased 15 ADA in the past year. This decrease is caused by normal yearly fluctuations.

The government-wide statements of the District include all governmental activities. All of the District’s basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statements

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

- Some funds are required to be established by State law and by bond covenants.
- The governing board establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

The District has one type of fund:

- Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources than previously to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds' statements that explains the relationship (or differences) between them.

The financial performance of the District is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,272,100 as compared to the prior year's ending fund balance of \$2,202,147.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was \$(4,100,762) at June 30, 2017.

	Governmental Activities		Net Change
	2017	2016	
ASSETS			
Cash and Equivalents	\$ 2,268,669	\$ 2,210,758	\$ 57,911
Investments	4,750	4,750	-
Other Current Assets	255,259	230,276	24,983
Capital Assets, Net of Accumulated Depreciation	7,670,479	7,731,079	(60,600)
TOTAL ASSETS	\$ 10,199,157	\$ 10,176,863	\$ 22,294
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources - Pensions	\$ 696,263	\$ 445,560	\$ 250,703
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 696,263	\$ 445,560	\$ 250,703
LIABILITIES			
Current Liabilities	\$ 433,945	\$ 424,566	\$ 9,379
Long-Term Liabilities	13,410,486	13,038,298	372,188
TOTAL LIABILITIES	\$ 13,844,431	\$ 13,462,864	\$ 381,567
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Pensions	\$ 1,151,751	\$ 1,125,162	\$ 26,589
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,151,751	\$ 1,125,162	\$ 26,589
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ (415,701)	\$ (624,813)	\$ 209,112
Restricted	804,691	884,014	(79,323)
Unrestricted	(4,489,752)	(4,224,804)	(264,948)
TOTAL NET POSITION	\$ (4,100,762)	\$ (3,965,603)	\$ (135,159)

Changes in Net Position

	Governmental Activities		Net Change
	2017	2016	
REVENUES			
Program Revenues:			
Charges for Services	\$ 33,730	\$ 35,199	\$ (1,469)
Operating Grants and Contributions	830,984	726,094	104,890
General Revenues:			
Property Taxes	3,606,563	3,445,681	160,882
Unrestricted Federal and State Aid	1,057,556	1,187,247	(129,691)
Miscellaneous and Other Local	216,030	252,301	(36,271)
TOTAL REVENUES	<u>5,744,863</u>	<u>5,646,522</u>	<u>98,341</u>
EXPENSES			
Instruction	3,099,057	2,640,254	458,803
Instruction-Related Services	498,807	465,044	33,763
Pupil Services	341,145	328,521	12,624
General Administration	578,517	440,008	138,509
Plant Services	1,147,856	336,218	811,638
Ancillary Services	35,613	39,888	(4,275)
Community Services	220,784	190,210	30,574
Transfers Between Agencies	178,575	168,057	10,518
Interest on Long-Term Debt	455,590	469,289	(13,699)
Other Outgo	(3,562)	-	(3,562)
TOTAL EXPENSES	<u>5,880,022</u>	<u>5,077,489</u>	<u>802,533</u>
INCREASE (DECREASE) IN NET POSITION	(135,159)	569,033	(704,192)
NET POSITION - BEGINNING	<u>(3,965,603)</u>	<u>(4,534,636)</u>	<u>569,033</u>
NET POSITION - ENDING	<u>\$ (4,100,762)</u>	<u>\$ (3,965,603)</u>	<u>\$ (135,159)</u>

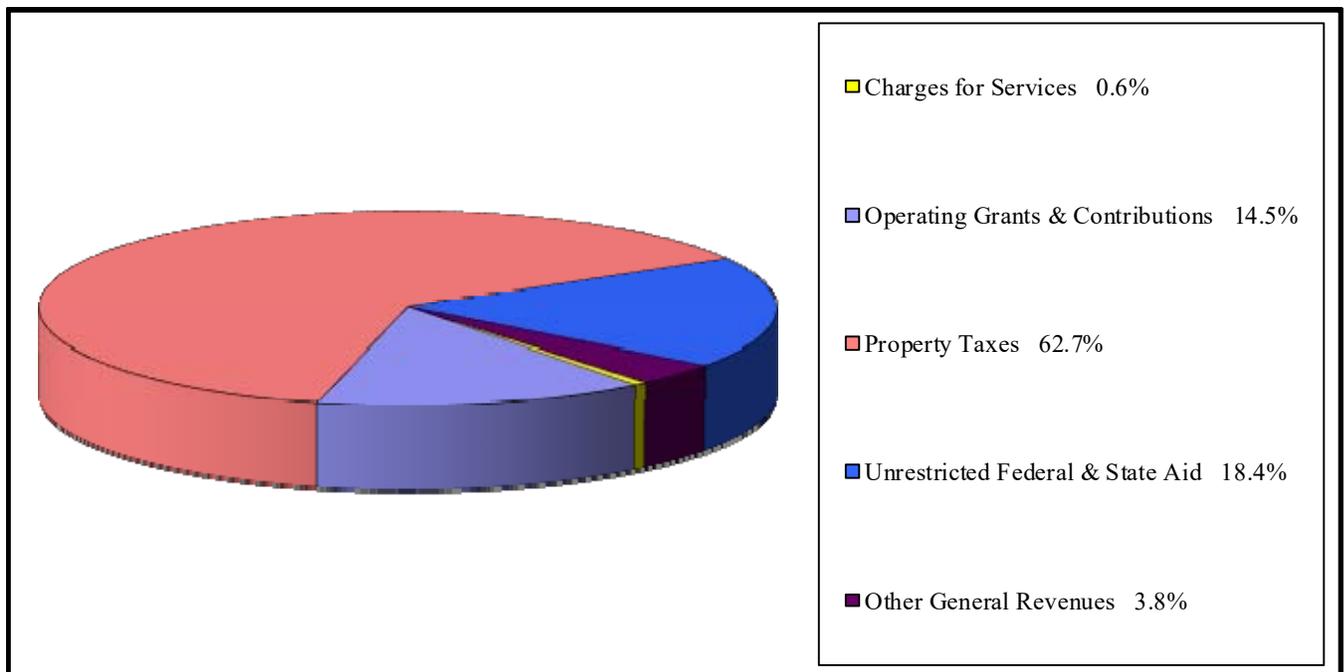
Governmental Activities

Net cost is total cost less fees generated by the related activity. The net cost reflects amounts funded by charges for services, operating grants and capital grants and contributions.

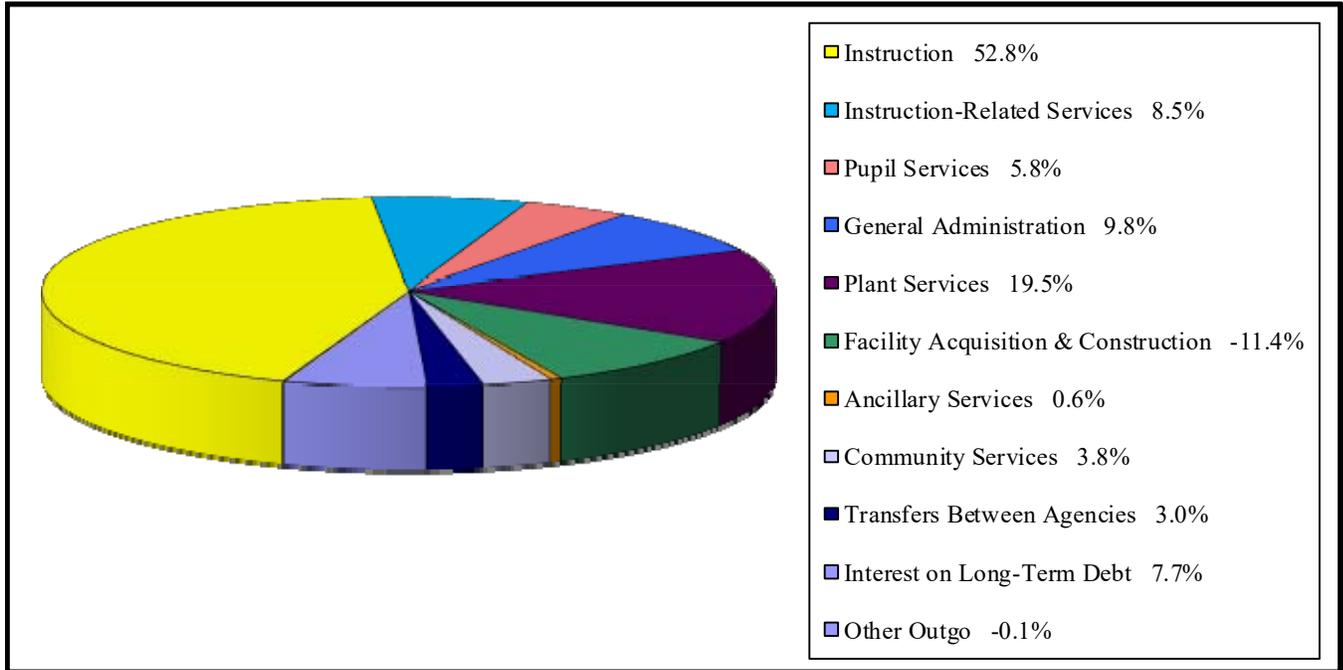
Net Cost of Services

	Net Cost of Services		Net Change
	2017	2016	
NET COST OF SERVICES			
Instruction	\$ 2,667,217	\$ 2,203,474	\$ 463,743
Instruction-Related Services	479,405	439,674	39,731
Pupil Services	222,872	216,706	6,166
General Administration	563,588	428,587	135,001
Plant Services	934,367	333,377	600,990
Facility Acquisition and Construction	(672,360)	(118,947)	(553,413)
Ancillary Services	32,864	37,536	(4,672)
Community Services	215,418	186,412	29,006
Transfers Between Agencies	178,575	120,088	58,487
Interest on Long-Term Debt	455,590	469,289	(13,699)
Other Outgo	(62,228)	-	(62,228)
TOTAL NET COSTS OF SERVICES	\$ 5,015,308	\$ 4,316,196	\$ 699,112

2016/2017 Summary of Revenues for Governmental Activities



2016/2017 Summary of Expenses for Governmental Activities



Fund Balance Comparison

The District currently maintains the following funds:

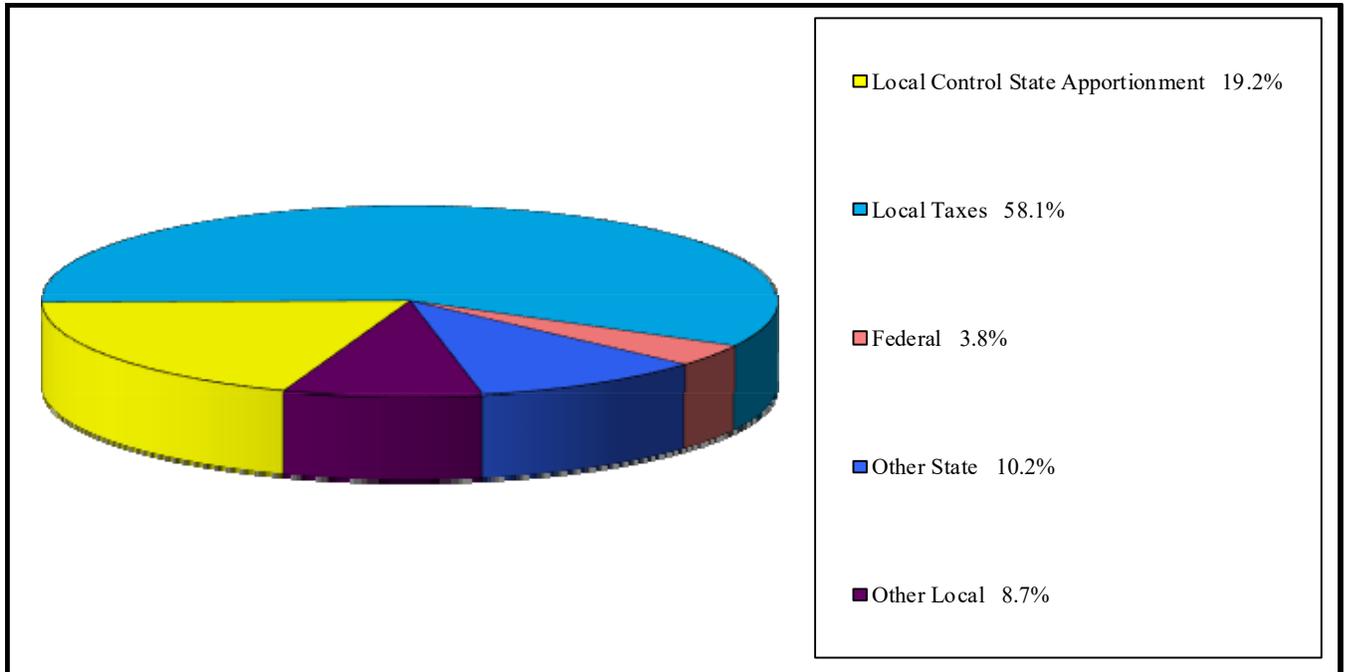
FUNDS	Ending Fund Balance		Net Change
	2017	2016	
Governmental:			
General	\$ 1,513,723	\$ 1,496,769	\$ 16,954
Cafeteria Special Revenue	-	656	(656)
Deferred Maintenance	-	461	(461)
Capital Facilities	49,084	45,631	3,453
Special Reserve Fund for Capital Outlay Projects	68,254	67,560	694
Bond Interest and Redemption	641,039	591,070	49,969
Total Governmental	2,272,100	2,202,147	69,953
TOTAL FUNDS	\$ 2,272,100	\$ 2,202,147	\$ 69,953

General Fund

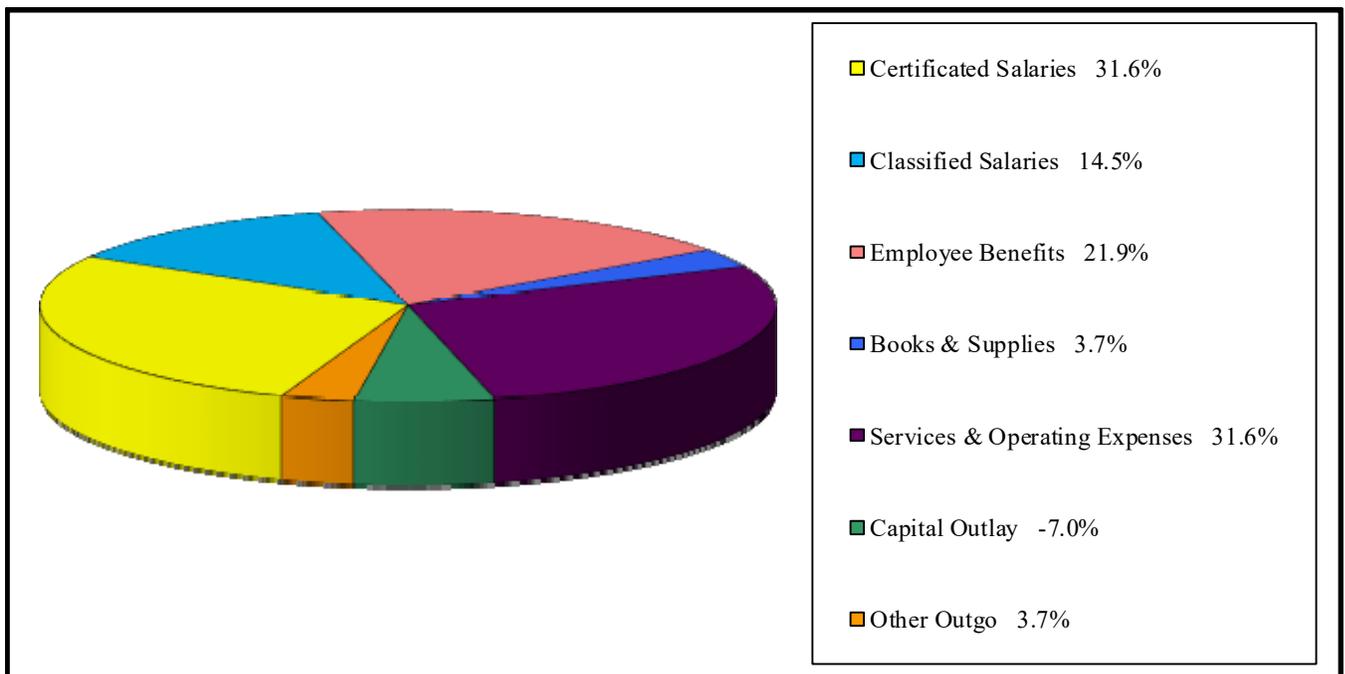
The General Fund balance increased due to one-time mandated cost reimbursements and increased donations.

The following charts graphically depict revenues and expenditures, both by major object as well as by function.

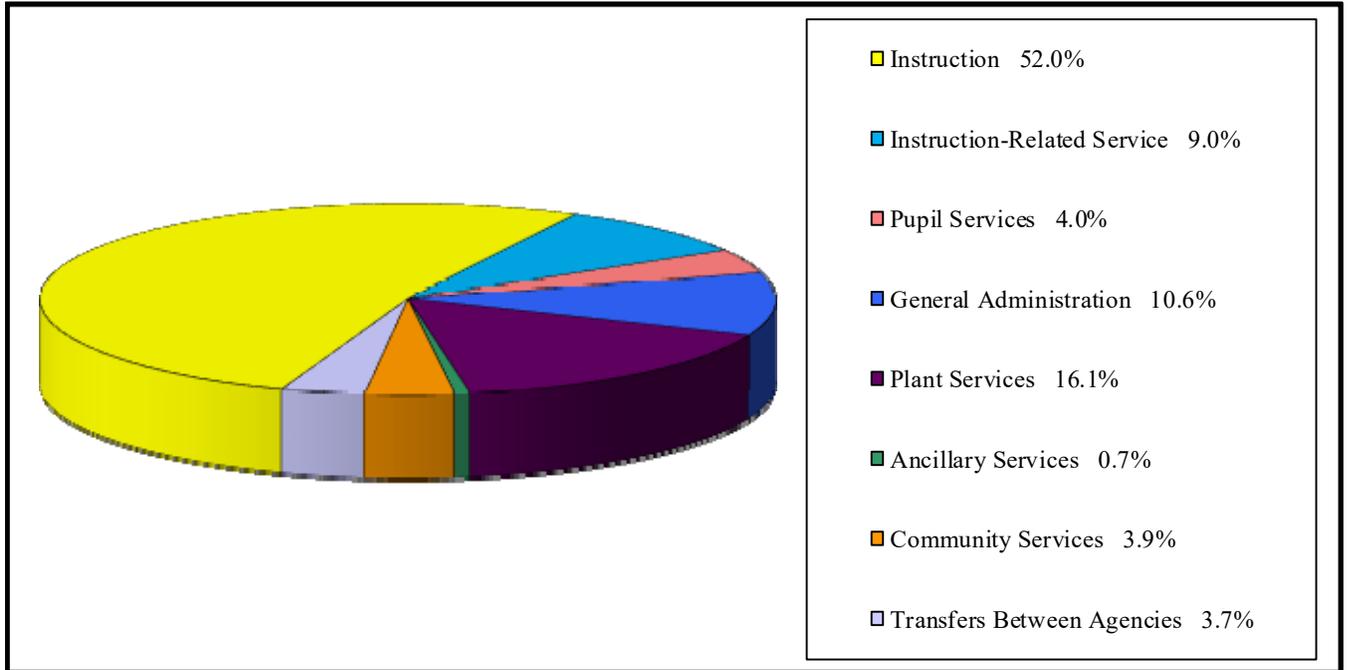
2016/2017 General Fund Revenues



2016/2017 General Fund Expenditures by Object



2016/2017 General Fund Expenditures by Function



Other Governmental Funds

Other governmental funds had the following activity and changes for the year ended June 30, 2017:

The Cafeteria Special Revenue Fund – no significant changes.

The Deferred Maintenance Fund – no significant changes.

The Capital Facilities Fund – increase due to increased developer fees received.

The Special Reserve Fund for Capital Outlay Projects – no significant changes.

The Bond Interest and Redemption Fund – no significant changes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had \$7,670,479 invested, net of accumulated depreciation, in capital assets. Current year depreciation expense is \$396,780. The District replaced HVAC units for the whole facility. This incurred a slight increase in the annual depreciation.

	Governmental Activities		Net Change
	2017	2016	
CAPITAL ASSETS			
Land	\$ 76	\$ 76	\$ -
Land Improvements	4,187,446	4,187,446	-
Buildings And Improvements	9,027,052	8,690,872	336,180
Equipment	385,771	385,771	-
Accumulated Depreciation	(5,929,866)	(5,533,086)	(396,780)
NET CAPITAL ASSETS	\$ 7,670,479	\$ 7,731,079	\$ (60,600)

Long-Term Debt

At June 30, 2017, the District had \$13,410,486 in long-term debt. Overall long term debt increase due to an increase in retirement pensions.

	Governmental Activities		Net Change
	2017	2016	
LONG-TERM DEBT			
General Obligation Bonds Payable	\$ 8,086,180	\$ 8,355,892	\$ (269,712)
Accreted Interest	925,191	886,571	38,620
Premium On Bond Payable	580,121	621,501	(41,380)
Net Pension Liability	3,614,318	2,853,530	760,788
Net OPEB Obligation	204,676	165,859	38,817
Early Retirement Plan	-	154,945	(154,945)
TOTAL LONG-TERM DEBT	\$ 13,410,486	\$ 13,038,298	\$ 372,188

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference in the original versus final budget amounts and actual versus budget amounts is primarily due to the following:

- ❑ Increased revenue due to the receipt of one time mandated cost reimbursements, property taxes.
- ❑ Class account revenue and expenditures were not originally budgeted.
- ❑ Increase in STRS and PERS contributions.

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved June 22, 2017. A schedule of the District's General Fund original and final budget amounts compared with actual revenues and expenditures is provided with the basic financial statements in the audited financial report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- ❑ In 2017/2018 ADA will decrease due to the 7/8 grades transferring to a new charter school under the high school district.
- ❑ 2017/2018 staffing will decrease because of the decrease in ADA.
- ❑ Increase in STRS and PERS contributions.
- ❑ Increase expenditures expected for ongoing maintenance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Phyllis Parisi, 6321 Highway 116, Forestville, CA 95436, phone 707-887-9767.

FINANCIAL SECTION

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>(Unaudited) Component Unit</u>
ASSETS		
Cash and equivalents	\$ 2,268,669	\$ 68,418
Investments	4,750	-
Accounts receivable	255,259	-
Capital assets:		
Non-depreciable	76	-
Depreciable, net of accumulated depreciation	7,670,403	2,791
Total Assets	<u>\$ 10,199,157</u>	<u>\$ 71,209</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - Pensions	<u>\$ 696,263</u>	<u>\$ -</u>
Total Deferred Outflows of Resources	<u>\$ 696,263</u>	<u>\$ -</u>
LIABILITIES		
Accounts payable	\$ 255,049	\$ -
Interest payable	177,367	-
Unearned revenue	1,529	-
Long-term debt:		
Due within one year	343,558	-
Due after one year	13,066,928	-
Total Liabilities	<u>\$ 13,844,431</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - Pensions	<u>\$ 1,151,751</u>	<u>\$ -</u>
Total Deferred Inflows of Resources	<u>\$ 1,151,751</u>	<u>\$ -</u>
NET POSITION		
Net Investment in capital assets	\$ (415,701)	\$ -
Restricted for:		
Capital projects	49,084	-
Debt service	641,039	-
Educational programs	114,568	71,209
Unrestricted	<u>(4,489,752)</u>	<u>-</u>
Total Net Position	<u>\$ (4,100,762)</u>	<u>\$ 71,209</u>

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Unaudited Component Unit
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 3,099,057	\$ 7,714	\$ 424,126	\$ (2,667,217)	
Instruction-related services:					
Supervision of instruction	50,004	-	7,798	(42,206)	
Instructional library, media and technology	45,158	-	269	(44,889)	
School site administration	401,893	-	11,335	(390,558)	
Other instructional resources	1,752	-	-	(1,752)	
Pupil services:					
Home-to-school transportation	126,224	-	-	(126,224)	
Food services	147,793	19,063	67,145	(61,585)	
All other pupil services	67,128	1,443	30,622	(35,063)	
General administration:					
All other general administration	578,517	-	14,929	(563,588)	
Plant services	1,147,856	-	213,489	(934,367)	
Ancillary services	35,613	-	2,749	(32,864)	
Community services	220,784	-	5,366	(215,418)	
Transfers between agencies	178,575	-	-	(178,575)	
Interest on long-term debt	455,590	-	-	(455,590)	
Other outgo	(3,562)	5,510	53,156	62,228	
Total Governmental Activities	<u>\$ 5,880,022</u>	<u>\$ 33,730</u>	<u>\$ 830,984</u>	<u>(5,015,308)</u>	
UNAUDITED COMPONENT UNIT					
Other operating expenses	<u>\$ 18,879</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (18,879)</u>
GENERAL REVENUES					
Taxes and subventions:					
Property taxes levied for general purposes				2,831,894	-
Property taxes levied for debt service				774,669	-
Federal and state aid not restricted to specific purposes				1,057,556	-
Interest and investment earnings				21,266	-
Miscellaneous				194,764	22,691
Total General Revenues				<u>4,880,149</u>	<u>22,691</u>
Change in Net Position				(135,159)	3,812
Net Position - Beginning				<u>(3,965,603)</u>	<u>67,397</u>
Net Position - Ending				<u>\$ (4,100,762)</u>	<u>\$ 71,209</u>

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 1,488,412	\$ 641,039	\$ 139,218	\$ 2,268,669
Investments	4,750	-	-	4,750
Accounts receivable	246,377	-	8,882	255,259
Due from other funds	28,897	-	-	28,897
Total Assets	\$ 1,768,436	\$ 641,039	\$ 148,100	\$ 2,557,575
LIABILITIES				
Accounts payable	\$ 254,713	\$ -	\$ 336	\$ 255,049
Due to other funds	-	-	28,897	28,897
Unearned Revenue	-	-	1,529	1,529
Total Liabilities	254,713	-	30,762	285,475
FUND BALANCES				
Non spendable				
Cash in revolving fund	2,000	-	-	2,000
Restricted	114,568	-	-	114,568
Committed				
Other commitments	210,519	641,039	117,338	968,896
Assigned				
Other assignments	451,683	-	-	451,683
Unassigned				
Reserve for economic uncertainties	721,098	-	-	721,098
Unassigned amount	13,855	-	-	13,855
Total Fund Balance	1,513,723	641,039	117,338	2,272,100
Total Liabilities and Fund Balance	\$ 1,768,436	\$ 641,039	\$ 148,100	\$ 2,557,575

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	Detail	Total
Total fund balances - governmental funds		\$ 2,272,100
<p>Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in governmental funds as follows:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Historical cost of capital assets	\$ 13,600,345	
Accumulated depreciation	(5,929,866)	
		7,670,479
<p>The cumulative difference in the Annual Required Contributions (ARC) and actual OPEB contributions made is reported as a long-term liability in the government-wide statements on the Statement of Net Position. When the cumulative contributions exceed the ARC, a Net OPEB Asset exists and is reported as an asset on the Statement of Net Position.</p>		
		(204,676)
<p>Interest on long-term debt is not reported in the governmental funds 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 liabilities for the unmatured interest owing at the end of the period are included on the Statement of Net Position.</p>		
		(177,367)
<p>Contributions to pension plans made subsequent to the measurement date are reported as expenditures in governmental funds, however, these contributions are reported as deferred outflows of resources in the statement of net position.</p>		
		279,959
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, net of unamortized premiums, discounts, and deferred charges, are included in the Statement of Net Position.</p>		
General obligation bonds payable	(9,591,492)	
Net pension liability	(3,614,318)	
		(13,205,810)

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

(Continued)	Detail	Total
The District's share of net differences between actual and expected experience are reported in the statement of net position as deferred outflows of resources.		94,411
The District's share of changes in assumptions are reported in the statement of net position as deferred inflows of resources.		(31,667)
The District's Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share contributions are reported in the statement of net position as deferred inflows of resources.		(233,820)
The District's share of net differences between projected and actual earnings on plan investments are reported in the statement of net position as deferred inflows and deferred outflows of resources.		<u>(564,371)</u>
Total net position, governmental activities		<u><u>\$ (4,100,762)</u></u>

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local control sources:				
State apportionments	\$ 935,123	\$ -	\$ -	\$ 935,123
Local sources	2,831,894	-	-	2,831,894
Federal	184,027	-	61,955	245,982
Other state	498,712	6,594	4,792	510,098
Other local	424,988	771,437	25,341	1,221,766
Total Revenues	4,874,744	778,031	92,088	5,744,863
EXPENDITURES				
Instruction	2,503,078	-	-	2,503,078
Instruction related services:				
Supervision of instruction	42,111	-	-	42,111
Instructional library, media, and technology	36,225	-	-	36,225
School site administration	349,678	-	-	349,678
Other instructional resources	3,911	-	-	3,911
Pupil services:				
Home-to-school transportation	126,224	-	-	126,224
Food services	115	-	137,213	137,328
All other pupil services	67,128	-	-	67,128
General administration:				
All other general administration	507,779	-	45	507,824
Plant services	773,476	-	463	773,939
Facility acquisition and construction	-	-	-	-
Ancillary services	32,445	-	-	32,445
Community services	188,382	-	-	188,382
Transfers between agencies	176,769	-	1,806	178,575
Interest on long-term debt	-	458,350	-	458,350
Other outgo	-	269,712	-	269,712
Total Expenditures	4,807,321	728,062	139,527	5,674,910
Excess (deficiency) of revenues over (under) expenditures	67,423	49,969	(47,439)	69,953
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	50,469	50,469
Operating transfers out	(50,469)	-	-	(50,469)
Total Other Financing Sources (Uses)	(50,469)	-	50,469	-
Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	16,954	49,969	3,030	69,953
Fund Balance - Beginning	1,496,769	591,070	114,308	2,202,147
Fund Balance - Ending	\$ 1,513,723	\$ 641,039	\$ 117,338	\$ 2,272,100

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Detail	Total
Total change in fund balances - governmental funds		\$ 69,953
Amounts reported for governmental activities differ from amounts reported in governmental funds as follows:		
Capital Outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense		(60,600)
Accreted interest on capital appreciation bonds is accrued as long-term debt in the government wide financials, increasing interest expense.		
		(38,620)
Debt issued at a premium or at a discount is recognized as an Other Financing Source or Other Financing Use in the period it is incurred in the governmental funds. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt.		
Amortization Expense		41,380
Repayment of the principal of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.		
General obligation bonds payable		269,712
In governmental funds, contributions to a trust fund and premium payments for OPEB are recorded as expenditures. However, in the Statement of Activities, the annual OPEB Cost is expensed.		
Contributions made during the year	\$ 16,644	
Annual OPEB Cost	(55,461)	
		(38,817)
Increases in the liability for early retirement incentives are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. Decreases to the liability are reported as expenditures in governmental funds, however, the payments reduce the long-term liability in the statement of net position. This is the amount by which payments for early retirement incentives exceeds additions.		
Decrease to early retirement incentives		154,945
Contributions to pension plans made subsequent to the measurement date are reported as expenditures in governmental funds, however, these contributions are reported as deferred outflows of resources in the statement of net position.		
		279,959
Changes in the net pension liability, deferred outflows of and deferred inflows of resources are reported as pension expenses in the statement of activities.		
		(816,633)
Unmatured interest on long-term debt is recognized in governmental funds in the period when it is due. However, in the statement of activities, unmaturred interest on long-term debt is accrued at year end.		
		3,562
Change in net position of governmental activities		\$ (135,159)

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Forestville Union Elementary School District (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 Board of Trustees (Board) elected by registered voters of the District, which comprises an area in Sonoma County. The District was established in 1899 and serves students in transitional kindergarten through eighth grade.

B. Accounting Policies

The District prepares its basic financial statements in conformity 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*.

C. Reporting Entity

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is therefore a financial reporting entity as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations Are Component Units*.

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 District 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 the Forestville Education Foundation (Foundation) meets the above criteria for inclusion in the District's financial statements as a component unit. Accordingly, the financial activity of the Foundation is included in the accompanying financial statements. 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.

D. Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The following is a summary of the upcoming Governmental Accounting Standards Board (GASB) Statements that may have an impact on the District's future reporting at the time of this report in order of implementation date.

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2017, that have effective dates that may impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. The statement also establishes requirements for reporting information about financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. This statement is closely related in some areas to Statement No. 74.

This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective for the year ended June 30, 2018 and will result in a significant increase in the District's liabilities.

Statement No. 81, Irrevocable Split-Interest Agreements

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement establishes guidance in order to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

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

Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73

In March 2016, the GASB issued Statement No. 82 *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

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

Statement No. 83, Certain Asset Retirement Obligations

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's), which is a legally enforceable liability associated with the retirement of a tangible capital asset.

This Statement is effective for periods beginning after June 15, 2018.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement No. 84, *Fiduciary Activities*

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

This Statement is effective for reporting periods beginning after December 15, 2018.

Statement No. 85, *Omnibus 2017*

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB statements, including issues related to blending component units, goodwill, fair value measurements and application, pensions and other postemployment benefits.

This Statement is effective for periods beginning after June 15, 2017.

Statement No. 86, *Certain Debt Extinguishment Issues*

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement is to improve consistency in accounting and financial reporting for in substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement is effective for periods beginning after June 15, 2017.

Statement No. 87, *Leases*

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The District will analyze the impact of these new Statements prior to the effective dates listed above.

The provisions of these Statements generally are required to be applied retroactively for all periods presented. Early application, if allowable, was not adopted.

E. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary 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.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 limited 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.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses, as appropriate.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Non-major funds by category are summarized in to a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's accounts are organized into major and non-major governmental funds as follows:

a. Major Governmental Funds

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest payments and redemption of principal of the District's general obligation bond issuance as discussed later in the Notes to Financial Statements. *Debt Service Funds* are used to account for the accumulation of resources for, and the debt service payments related to, the District's debt issuances.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Non-major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following non-major special revenue funds:

The *Cafeteria Fund* is used to account for revenues and expenditures associated with the District's food service program.

The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of the District's facilities.

Capital Projects Funds are used to account for the acquisition and construction of all major governmental capital assets. The District maintains the following non-major capital projects funds:

The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

The *Special Reserve Fund for Capital Outlay Projects* is used to account for the financial resources used for the acquisition or construction of major capital projects.

F. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

1. Revenues - Exchange and Non-exchange Transactions

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. Under the 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 collectable within the current period or with 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions are those 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 specific 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.

2. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

3. Expenses/Expenditures

Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

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 District superintendent during the year to give consideration to unanticipated revenue and expenditures. The original and final revised budgets for the General Fund are presented as required supplementary information in these financial statements.

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.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 on June 30.

I. Assets, Liabilities, and Equity

1. Cash and Equivalents

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

2. Receivables

Accounts receivable in governmental fund types consist primarily of receivables from federal, state and local governments for various programs.

3. Prepaid Expenditures

The District has the option of reporting expenditures for prepaid items in governmental funds either when paid or during the benefiting period. The District has chosen to report the expenditure when paid and, therefore, no asset is reported.

4. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and 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 and an annual convention over the following estimated useful lives:

Land improvements	25
Buildings and improvements	15 - 50
Equipment	10

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Compensated Absences

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.

6. 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 District's plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the State Teachers' Retirement System (STRS) and the California Public Employees' Retirement System (CalPERS). 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.

7. Accrued Liabilities and Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources.

8. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Fund Balance Classifications

The governmental fund financial statements present fund balances based on a classification hierarchy that depicts the extent to which the District is bound by spending constraints imposed on the use of its resources. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable Fund Balance

The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory and prepaid items. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact.

b. Restricted Fund Balance

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

c. Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

d. Assigned Fund Balance

The assigned fund balance classification reflects amounts that the District intends to be used for specific purposes. Assignments may be established either by the Board of Trustees or by a designee of the Board of Trustees, and are subject to neither the restricted nor committed levels of constraint.

Constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the highest level of decision-making authority. The action may be delegated to another body or official.

e. Unassigned Fund Balance and Minimum Fund Balance Policy

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

The Reserve for Economic Uncertainties maintained by the District pursuant to the Criteria and Standards for fiscal solvency adopted by the State Board of Education is a stabilization-like arrangement of the "minimum fund balance policy" type. The Reserve for Economic

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertainties does not meet the criteria to be reported as either restricted or committed because it is not an externally enforceable legal requirement, and because even where the Reserve for Economic Uncertainties is established by formal action of the District's highest level of decision-making authority, the circumstances in which the Reserve for Economic Uncertainties might be spent are by their nature neither specific nor non-routine. For this reason, the Reserve for Economic Uncertainties is reported as unassigned fund balance.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 4% of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California. The District's goal is to maintain General Fund reserves of 15% or greater

The District's policy regarding the order in which spendable fund balances are spent when more than one classification is available for a specific purpose is that they are spent in restricted, committed, assigned, and then unassigned order.

10. Local Control Funding Formula / Property Taxes

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

The county 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. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

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 alternate 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.

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 sources by the District.

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

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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. The District does not have any investments that are measured using Level 3 inputs.

Cash in County Treasury pools are measured at fair value using level 1 inputs. Fair market value adjustments have not been recorded as they are determined immaterial to the District.

Investments are measured at fair value using level 1 inputs.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS

Cash, Equivalents and Investments at June 30, 2017 are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>(Unaudited) Component Unit</u>
Cash and Equivalents		
Pooled Funds:		
Cash in county treasury	\$ 2,265,369	\$ -
Deposits:		
Cash on hand and in banks	1,300	68,418
Cash in revolving fund	2,000	-
Total Cash and Equivalents	<u>\$ 2,268,669</u>	<u>\$ 68,418</u>
Investments:		
Zapworld Stock	\$ 4,750	\$ -
Total Investments	<u>\$ 4,750</u>	<u>\$ -</u>

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash in County Treasury

In accordance with *Education Code* 41001, the District maintains substantially all of its cash in the Sonoma County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the County and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The Treasury is authorized to deposit cash and invest excess funds by *California Government Code* Section 53648 et seq. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

The Treasury is restricted by *Government Code* Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

B. Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the *California Government Code* Section 53601. This table also identifies certain provisions of the *California Government Code* that address interest rate risk, credit risk, and concentration of credit risk.

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2017, the weighted average maturity of the investments contained in the Treasury investment pool was not available.

D. Credit Risk

Generally, 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. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

E. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk for deposits.

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2017, the District's bank balances were fully insured.

F. Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The *California Government Code* and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 3. INTERFUND TRANSACTIONS

Interfund transactions are reported as either 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/expenses. 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. Transfers among governmental funds are netted as part of the reconciliation to the government wide financial statements.

A. Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2017, interfund receivables and payables were as follows:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>	<u>Purpose</u>
Cafeteria Fund	General Fund	\$ 28,897	To cover operating operating deficit.
Total		<u>\$ 28,897</u>	

All interfund receivables and payables are scheduled to be paid within one year.

B. Interfund Transfers

Permanent reallocations of resources between funds of the reporting District are classified as interfund transfers. As of June 30, 2017, interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Cafeteria Fund	\$ 50,469	To cover operating operating deficit.
Total		<u>\$ 50,469</u>	

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2017, are shown below:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital Assets Not Being Depreciated:				
Land	\$ 76	\$ -	\$ -	\$ 76
Total Capital Assets Not Being Depreciated	<u>76</u>	<u>-</u>	<u>-</u>	<u>76</u>
Capital Assets Being Depreciated:				
Land improvements	4,187,446	-	-	4,187,446
Buildings and improvements	8,690,872	336,180	-	9,027,052
Equipment	385,771	-	-	385,771
Total Capital Assets Being Depreciated	<u>13,264,089</u>	<u>336,180</u>	<u>-</u>	<u>13,600,269</u>
Less Accumulated Depreciation for:				
Land improvements	(934,941)	(166,675)		(1,101,616)
Buildings and improvements	(4,402,919)	(194,065)		(4,596,984)
Equipment	(195,226)	(36,040)		(231,266)
Total Accumulated Depreciation	<u>(5,533,086)</u>	<u>(396,780)</u>	<u>-</u>	<u>(5,929,866)</u>
Total Capital Assets Being Depreciated, Net	<u>7,731,003</u>	<u>(60,600)</u>	<u>-</u>	<u>7,670,403</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 7,731,079</u>	<u>\$ (60,600)</u>	<u>\$ -</u>	<u>\$ 7,670,479</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	<u>\$ 396,780</u>
Total Depreciation Expense	<u>\$ 396,780</u>

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 5. GENERAL OBLIGATION BONDS

The outstanding general obligation bonded debt of the District at June 30, 2017 is:

General Obligation Bonds	Date of Issuance	Interest Rate %	Maturity Date August 1	Amount of Original Issue	Outstanding Principal and Accreted Interest June 30, 2015	Current Year Additions	Accreted Interest Current Year	Redeemed Current Year	Balance June 30, 2016
2001 Current Interest	2002	5.00 - 5.75	2021	\$ 3,000,000	\$ 1,215,000	\$ -	\$ -	\$ 150,000	\$ 1,065,000
2004 Capital Appreciation	2005	2.60 - 6.00	2030	1,099,588	685,038	-	-	28,033	657,005
2005 Capital Appreciation	2006	4.00 - 6.00	2019	1,000,358	356,545	-	-	81,678	274,867
2010 Current Interest	2011	3.00 - 6.00	2036	3,000,000	2,930,000	-	-	10,000	2,920,000
2010 Refunding	2011	5.00	2026	1,070,000	1,070,000	-	-	-	1,070,000
2011 Current Interest	2012	5.90 - 12.00	2039	1,565,000	1,565,000	-	-	-	1,565,000
2011 Capital Appreciation	2012	5.90 - 12.00	2039	534,309	534,309	-	-	-	534,309
Accreted interest					886,571		38,620	-	925,191
Totals					<u>\$ 9,242,463</u>	<u>\$ -</u>	<u>\$ 38,620</u>	<u>\$ 269,711</u>	<u>\$ 9,011,372</u>

The following table summarizes the annual debt service requirements of the District for the bonds:

<u>For the Year Ended June 30:</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 302,178	\$ 498,527	\$ 800,705
2019	336,012	493,993	830,005
2020	362,532	490,010	852,542
2021	305,710	417,539	723,249
2022	341,091	377,930	719,021
2023 - 2027	1,782,305	1,856,045	3,638,350
2028 - 2032	1,166,402	2,042,036	3,208,438
2033 - 2037	1,500,507	1,010,887	2,511,394
2038 - 2042	1,424,444	1,193,177	2,617,621
2043	565,000	11,653	576,653
Totals	<u>\$ 8,086,181</u>	<u>\$ 8,391,797</u>	<u>\$ 16,477,978</u>

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 6. NET OPEB OBLIGATION

A. Plan Description

The Postemployment Benefit Plan (Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 6 retirees and beneficiaries currently receiving benefits and 35 active plan members. The unfunded portion of annual required contributions (net OPEB obligation) is presented in the statement of net position as a portion of long-term obligations

B. Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups. For the year ended June 30, 2017, the District contributed \$16,444 to the plan, consisting entirely of current premiums.

C. Annual OPEB Cost and Net OPEB Obligations (Asset)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial accrued liabilities (UAAL) (or funding excess) for a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the District's net OPEB obligation (asset) to the Plan:

Annual required contribution	\$	48,827
Interest on net OPEB obligation		6,634
		55,461
Annual OPEB cost (expense)		55,461
Contributions made		16,644
Change in net OPEB obligation (asset)		38,817
Net OPEB obligation (asset) - beginning of year		165,859
Net OPEB obligation (asset) - end of year	\$	204,676

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 6. NET OPEB OBLIGATION (Continued)

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for June 30, 2017 and two preceding years were as follows:

<u>Year Ended June 30:</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 55,461	\$ 16,644	30.0%	\$ 204,676
2016	46,066	35,016	76.0%	165,859
2015	85,844	33,526	39.0%	154,809

D. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the trend of healthcare costs. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continuous revisions as actual results are compared with past expectation and as new estimates are made concerning future events. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

In the actuarial valuation report dated August 12, 2016, the “entry age normal” method was utilized. The actuarial assumptions include a 4.0 percent investment rate of return (net of administrative expenses). Additionally, actuarial assumptions include a 8.0 to 5.0 percent per year trend increase in healthcare costs. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2015 was 14 years.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7. EARLY RETIREMENT INCENTIVE LIABILITY

State Teachers' Retirement System

During the 2010/2011 fiscal year, the District adopted an early retirement incentive program, pursuant to *Education Code* Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must be either; 1) age 55 with at least five (5) or more years of service under the State Teachers' Retirement System (STRS), or 2) age 50 with at least thirty (30) years of service under STRS, or 3) age 55 with fewer than five (5) years of service credit but eligible for concurrent retirement with another California Public Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District.

During the 2010/2011 year, the District entered into STRS Golden Handshake agreements with seven employees. As of June 30, 2017, the District paid off the associated liability.

NOTE 8. PENSION PLANS

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 California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

A. California State Teachers' Retirement System

1. Plan Description and Provisions

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalSTRS website.

2. Benefits Provided

The plan provides retirement, disability, and survivor benefits to beneficiaries. Beneficiaries of a retired member who elected an option receive a continuing lifetime benefit upon the member's death.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

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

<u>Hire Date</u>	<u>After January 1, 2013</u>	<u>On or Before December 31, 2012</u>
Benefit Formula	2% @ age 62	2% @ age 60
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Payable upon retirement	Payable upon retirement
Retirement Age	Age 50 with at least 30 years service or age 55 with at least 5 years service	Age 55 with at least 5 years service
Monthly Benefits as a % of Eligible Compensation	Variable based on age factor 2.0% at age 62 to 2.4% maximum	Variable based on age factor 2.0% at age 60 to 2.4% maximum
Required Employee Contribution Rates	9.21%	10.25%
Required Employer Contribution Rates	12.58%	12.58%

3. Contributions

Active plan members are required to contribute 9.21% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$	170,454
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4. Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 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 State Teachers Retirement Plan's (STRP) 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.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

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

	Asset Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	54.80%	5.58%	6.30%
Private Equity	8.70%	9.54%	9.30%
Real Estate	13.90%	2.98%	5.20%
Inflation Sensitive	1.00%	0.00%	3.80%
Absolute Return	1.80%	0.00%	2.90%
Fixed Income	16.90%	5.59%	0.30%
Liquidity (Cash)	2.90%	1.26%	-1.00%
Total	<u>100%</u>		

5. On Behalf Payment

The State of California makes contributions to STRS on behalf of the District. Under accounting principles generally accepted in the United States of America, these amounts have been recorded as revenue in the government-wide financial statements. For the year ended June 30, 2017 the District has recorded \$139,613 of State on behalf payments as revenue.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

B. California Public Employees' Retirement System

1. Plan Description and Provisions

The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

2. Benefits Provided

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. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

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

<u>Hire Date</u>	<u>After January 1, 2013</u>	<u>On or Before December 31, 2012</u>
Benefit Formula	2% @ age 62	2% @ age or 55
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly	Monthly
Retirement Age	Age 52 with at least 5 years service	Age 50 with at least 5 years service
	Variable based on age factor	Variable based on age factor
Monthly Benefits as a % of Eligible Compensation	2.0% at age 62 to 2.4% maximum	2.0% at age 55 to 2.5% maximum
Required Employee Contribution Rates	6.00%	7.00%
Required Employer Contribution Rates	11.85%	11.85%

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

3. Contributions

Active plan members are required to contribute 6.00% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$	74,532
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4. Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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.

The table below reflects 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 geometric rates of return are net of administrative expenses.

	Asset Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.90%	4.54%	5.71%
Private Equity	9.00%	0.86%	6.95%
Global Fixed Income	20.30%	7.10%	2.43%
Real Assets	10.80%	-0.10%	5.11%
Liquidity	1.50%	1.70%	-1.05%
Inflation	6.00%	NA	3.36%
Absolute Return Strategies	0.10%	3.30%	
Total Plan Level	0.40%	NA	
Total	100%		

(a) an expected inflation of 2.50% used for this period

(b) an expected inflation of 3.00% used for this period

C. Social Security

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

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

1. Pension Liability

As of June 30, 2017, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

CalSTRS	\$ 2,587,314
CalPERS	<u>1,027,003</u>
Total District net pension liability	3,614,318
State's proportionate share of the CalSTRS net pension liability associated with the District	<u>1,472,912</u>
Total	<u><u>\$ 5,087,230</u></u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2015 and 2016 was as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
Proportion - June 30, 2015	0.0031%	0.0052%
Proportion - June 30, 2016	0.0032%	0.0052%
Change - Increase (Decrease)	0.0001%	0.0000%

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

2. Pension Expenses and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017, the District recognized pension expense of \$816,633. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 279,959	\$ -
Differences between actual and expected experience	94,411	-
Changes in assumptions	-	(31,667)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share contributions	61,114	(294,934)
Net differences between projected and actual earnings on plan investments	260,779	(825,150)
Total	\$ 696,263	\$ (1,151,751)

The \$279,959 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 and outflows of resources related to pensions will be recognized as pension expense as follows:

<u>For the Year Ended June 30:</u>	
2018	\$ (247,820)
2019	(247,820)
2020	(60,321)
2021	(65,558)
2022	(29,973)
Thereafter	(83,955)
Totals	\$ (735,447)

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

3. Actuarial Assumptions.

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Measurement Period	July 1, 2006 to June 30, 2010	July 1, 2015 to June 30, 2016
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.60%	7.65%
Inflation Rate	3.00%	2.75%
Payroll Growth	3.75%	Varies by Entry Age and Service
Investment Rate of Return	7.60%	7.50%
Experience Study / Period Upon Which Actuarial Experience Survey Assumptions Were Based	2006-2010	1997-2011
Mortality Rate	RP 2000 Series Tables (Custom CalSTRS rates)	Derived using CalPERS' Membership Data for all Funds
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level DB, Not applicable for DBS/CBB	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8. PENSION PLANS (Continued)

4. 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:

	<u>CalSTRS</u>		<u>CalPERS</u>
1% Decrease	6.60%		6.65%
Net Pension Liability	\$ 3,723,729	\$	1,532,295
Current Discount Rate	7.60%		7.65%
Net Pension Liability	\$ 2,587,314	\$	1,027,003
1% Increase	8.60%		8.65%
Net Pension Liability	\$ 1,643,474	\$	606,249

5. Pension Plan Fiduciary Net Position

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

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9. GENERAL LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2017 is shown below:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due within One Year
General obligation bonds payable	\$ 8,355,892	\$ -	\$ 269,712	\$ 8,086,180	\$ 302,178
Accreted interest	886,571	38,620	-	925,191	-
Premium on bond payable	621,501	-	41,380	580,121	41,380
Net Pension Liability	2,853,530	760,788	-	3,614,318	-
Net OPEB Obligation	165,859	55,461	16,644	204,676	-
Early retirement plan	154,945	-	154,945	-	-
Totals	<u>\$ 13,038,298</u>	<u>\$ 854,869</u>	<u>\$ 482,681</u>	<u>\$ 13,410,486</u>	<u>\$ 343,558</u>

The net pension liability is liquidated from the funds for which the related employees are compensated.

General obligation bonds issued for governmental activity purposes are liquidated by the Bond Interest and Redemption Fund.

Capital lease payable are liquidated by the General Fund.

Other postemployment benefit premiums are paid from the General Fund. Early retirement plan and compensated absences are liquidated by the General Fund.

NOTE 10. RESTRICTED NET POSITION

The government-wide statement of net position reports \$804,691 of restricted net position, of which \$591,070 is restricted by enabling legislation.

NOTE 11. CHARTER SCHOOLS

The District granted and approved one Charter School pursuant to Education Code 47605 as follows:

Forestville Academy – Charter Number 0842, was granted and approved on August 28, 2006. The Charter serves second through eighth grades.

The Forestville Academy (Charter) was approved on July 11, 2006 to begin operation August 28, 2006. The governing board of the Charter consists of the Trustees and the Superintendent of the Forestville Union Elementary School District, and the Director of the Charter. The Charter was formed to provide a quality education program.

The initial Charter was granted through June 30, 2010. The District amended the Charter on June 18, 2009 and renewed it for another five-year term ending June 30, 2014 and renewed for an additional five years term ending June 30, 2019. The charter may be revoked by the District for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provisions of the law.

The District remains the employer of record for all Forestville Academy employees. The District maintains the financial accounting for Forestville Academy in fund nine of the District’s general ledger.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12. JOINT POWERS AGREEMENTS

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2017, the District participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the District are as follows:

- The Redwood Empire Schools' Insurance Group (RESIG) for property and liability, workers' compensation, medical and dental insurance coverage, and
- West County Transportation Agency for pupil transportation services.

The JPAs arrange for and provide property, liability, workers' compensation, medical, dental, and vision insurance and excess liability coverage for its members. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. Each joint venture is governed by a board consisting of representatives from various member Districts. Each board controls the operations of the JPA, including selection of management, independent of any influence by the member Districts beyond their representation on the board. Each member District pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA.

NOTE 13. STATE TEACHERS' RETIREMENT SYSTEM EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2016/2017, pursuant to California Education Code, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14. COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. Litigation

As of June 30, 2017 the District is not currently involved in any litigation.

C. Commitments

As of June 30, 2017 the District had no material commitments outstanding.

NOTE 15. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the District through January 22, 2018 and concluded that the following subsequent event(s) have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

In 2017/2018 ADA will decrease due to the 7/8 grades transferring to a new charter school under a high school district.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
REVENUES				
Local control sources:				
State apportionments	\$ 887,552	\$ 880,555	\$ 935,123	\$ 54,568
Local sources	2,701,454	2,789,123	2,831,894	42,771
Federal	168,077	192,812	184,027	(8,785)
Other state	272,690	502,233	498,712	(3,521)
Other local	311,315	422,954	424,988	2,034
Contributions	-	35	-	(35)
Total Revenues	4,341,088	4,787,712	4,874,744	87,032
EXPENDITURES				
Certificated salaries	1,650,730	1,613,599	1,523,415	90,184
Classified salaries	681,764	712,352	697,198	15,154
Employee benefits	1,095,226	1,107,710	1,051,649	56,061
Books and supplies	142,596	249,426	175,692	73,734
Services and other operating expenditures	656,133	1,227,825	1,518,778	(290,953)
Capital outlay	-	-	(336,180)	336,180
Other outgo	198,340	176,769	176,769	-
Total Expenditures	4,424,789	5,087,681	4,807,321	280,360
Excess (deficiency) of revenues over expenditures before other financing Sources (uses)	(83,701)	(299,969)	67,423	367,392
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,778	-	(2,778)
Transfers out	(58,367)	(62,145)	(50,469)	11,676
Total Other Financing Sources (Uses)	(58,367)	(59,367)	(50,469)	8,898
Net Increase (Decrease) in Fund Balance	(142,068)	(359,336)	16,954	376,290
Fund Balance - Beginning	1,496,769	1,496,769	1,496,769	-
Fund Balance - Ending	\$ 1,354,701	\$ 1,137,433	\$ 1,513,723	\$ 376,290

See accompanying notes to required supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
CalSTRS			
District's proportion of the net pension liability	0.0040%	0.0031%	0.0032%
District's proportionate share of the net pension liability	\$ 2,337,480	\$ 2,087,045	\$ 2,587,314
State's proportionate share of the net pension liability associated with the District	1,411,486	1,103,718	1,472,912
Total	<u>\$ 3,748,966</u>	<u>\$ 3,190,763</u>	<u>\$ 4,060,226</u>
District's covered employee payroll	\$ 1,654,979	\$ 1,620,563	\$ 1,588,574
District's proportionate Share of the net pension liability as a percentage of covered-employee payroll	141%	129%	163%
Plan's fiduciary net position	\$ 190,474,000,000	\$ 191,822,000,000	\$ 189,113,000,000
Plan fiduciary net position as a percentage of the total pension liability	77%	77%	70%
CalPERS			
District's proportion of the net pension liability	0.0054%	0.0052%	0.0052%
District's proportionate share of the net pension liability	\$ 613,032	\$ 766,485	\$ 1,027,003
District's covered employee payroll	\$ 565,582	\$ 570,901	\$ 628,962
District's proportionate Share of the net pension liability as a percentage of covered-employee payroll	108%	134%	163%
Plan's fiduciary net position	\$ 56,940,364,500	\$ 56,911,065,643	\$ 55,912,964,588
Plan fiduciary net position as a percentage of the total pension liability	83%	84%	74%

See accompanying notes to required supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
CalSTRS			
Contractually required contribution (actuarially determined)	\$ 31,143	\$ 126,327	\$ 169,044
Contributions in relation to the actuarially determined contributions	<u>31,492</u>	<u>143,906</u>	<u>170,454</u>
Contribution deficiency (excess)	<u>\$ (349)</u>	<u>\$ (17,579)</u>	<u>\$ (1,410)</u>
Covered-employee payroll	\$ 381,721	\$ 1,620,563	\$ 1,588,574
Contributions as a percentage of covered-employee payroll	8.25%	8.88%	10.73%
CalPERS			
Contractually required contribution (actuarially determined)	\$ 26,315	\$ 67,276	\$ 74,428
Contributions in relation to the actuarially determined contributions	<u>26,316</u>	<u>67,195</u>	<u>74,532</u>
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ 81</u>	<u>\$ (104)</u>
Covered-employee payroll	\$ 230,035	\$ 570,901	\$ 628,962
Contributions as a percentage of covered-employee payroll	11.44%	11.77%	11.85%

See accompanying notes to required supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ([b-a] / c)
July 1, 2015	\$ -	\$ 660,068	\$ 660,068	0.0%	\$ 2,191,464	30.1%
July 1, 2012	-	663,003	663,003	0.0%	2,488,000	26.6%

See accompanying notes to required supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1. PURPOSE OF REQUIRED SUPPLEMENTARY INFORMATION

A. Budgetary Comparison Schedule

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund that has a legally adopted budget. The originally adopted and final revised budgets are presented for such funds. 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 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.

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

The Schedule of the District's Share of the Net Pension Liability presents multi-year trend information which compares, over time, the District's proportionate share of the net pension liability as a percent of covered-employee payroll. This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

1. Changes in Benefits Terms:

a. California State Teachers' Retirement System (CalSTRS)

The California Pension Employees' Pension Reform Act of 2013 (PEPRA) resulted in a new benefit formula, CalSTRS 2% at 62, for members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. Significant changes compared to the CalSTRS 2% at 60 benefit formula include rising the normal retirement age from 60 to 62 and placing a limit on creditable compensation to 120 percent of the Social Security wage base, annually adjusted for changes in the Consumer Price Index.

b. California Public Employees' Retirement System (CalPERS)

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1. PURPOSE OF REQUIRED SUPPLEMENTARY INFORMATION (Continued)

2. Changes in Assumptions:

a. CalSTRS

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. There were no changes in major assumptions.

b. CalPERS

For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability determined in the June 30, 2014 actuarial accounting valuation. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expenses.

C. Schedule of the District's Plan Contributions

The Schedule of the District's Plan Contributions presents multi-year trend information which compares, over time, required contributions and actual contributions as a percent of covered-employee payroll. This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented, as the current year information from the plan was not available. The excess or deficiency of contributions in relation to the actuarially determined contributions has not been recorded as deferred inflows or outflows as they have been determined immaterial.

D. Schedule of Other Postemployment Funding Progress

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

NOTE 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2017, expenditures exceeded appropriations by the following amounts:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Services, other operating expenses	\$ 290,953

These excess expenditures were offset by unexpended appropriations in other categories.

SUPPLEMENTARY INFORMATION SECTION

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT
COMBINING BALANCE SHEET
JUNE 30, 2017

	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Other Governmental Funds
ASSETS					
Cash and equivalents	\$ 21,880	\$ -	\$ 49,084	\$ 68,254	\$ 139,218
Accounts receivable	8,882	-	-	-	8,882
Total Assets	\$ 30,762	\$ -	\$ 49,084	\$ 68,254	\$ 148,100
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 336	\$ -	\$ -	\$ -	\$ 336
Due to other funds	28,897	-	-	-	28,897
Unearned revenue	1,529	-	-	-	1,529
Total Liabilities	30,762	-	-	-	30,762
Fund Balance:					
Committed					
Other commitments	-	-	49,084	68,254	117,338
Total Fund Balance	-	-	49,084	68,254	117,338
Total Liabilities and Fund Balance	\$ 30,762	\$ -	\$ 49,084	\$ 68,254	\$ 148,100

See accompanying notes to supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Other Governmental Funds
REVENUES					
Federal	\$ 61,955	\$ -	\$ -	\$ -	\$ 61,955
Other state	4,792	-	-	-	4,792
Other local	19,341	2	5,304	694	25,341
Total Revenues	86,088	2	5,304	694	92,088
EXPENDITURES					
Classified salaries	41,032	-	-	-	41,032
Employee benefits	13,162	-	-	-	13,162
Books and supplies	80,487	-	-	-	80,487
Services and other operating expenditures	2,532	463	45	-	3,040
Transfers between agencies	-	-	1,806	-	1,806
Total Expenditures	137,213	463	1,851	-	139,527
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(51,125)	(461)	3,453	694	(47,439)
OTHER FINANCING SOURCES (USES)					
Transfers in	50,469	-	-	-	50,469
Total Other Financing Sources (Uses)	50,469	-	-	-	50,469
Net Increase (Decrease) in Fund Balance	(656)	(461)	3,453	694	3,030
Fund Balance - Beginning	656	461	45,631	67,560	114,308
Fund Balance - Ending	\$ -	\$ -	\$ 49,084	\$ 68,254	\$ 117,338

See accompanying notes to supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2017

<u>Forestville Elementary School</u>	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>
Grades TK / K-3:				
Regular Average Daily Attendance	70.12	N/A	69.87	N/A
Special Education - Nonpublic, Nonsectarian Schools and / or Nonpublic, Nonsectarian Schools - Licensed Children's Institutions	<u>1.00</u>	<u>N/A</u>	<u>1.00</u>	<u>N/A</u>
Grades TK / K-3 Totals	<u>71.12</u>	<u>N/A</u>	<u>70.87</u>	<u>N/A</u>
Grades 7 - 8:				
Regular Average Daily Attendance	<u>-</u>	<u>N/A</u>	<u>0.07</u>	<u>N/A</u>
Grades 7 - 8 Totals	<u>-</u>	<u>N/A</u>	<u>0.07</u>	<u>N/A</u>
Total ADA	<u><u>71.12</u></u>	<u><u>N/A</u></u>	<u><u>70.94</u></u>	<u><u>N/A</u></u>

N/A - There were no audit findings resulted in necessary revisions to attendance.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2017

Forestville Academy Charter School

Second Period Report				
	Total ADA	Revised	Classroom Based ADA	Revised
Grades TK / K-3	79.95	N/A	79.95	N/A
Grades 4 through 6	93.40	N/A	93.40	N/A
Grades 7 through 8	75.44	N/A	75.44	N/A
Totals	248.79	N/A	248.79	N/A
Annual Report				
	Total ADA	Revised	Classroom Based ADA	Revised
Grades TK / K-3	80.47	N/A	80.47	N/A
Grades 4 through 6	94.45	N/A	94.45	N/A
Grades 7 through 8	74.88	N/A	74.88	N/A
Totals	249.80	N/A	249.80	N/A

N/A - There were no audit findings resulted in necessary revisions to attendance.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2017

Forestville Elementary School

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>2016/2017 Actual Minutes</u>	<u>Number of Days Traditional Calendar ¹</u>	<u>Status</u>
Transitional Kindergarten	36,000	57,250	180	In Compliance
Kindergarten	36,000	57,250	180	In Compliance
Grade one	50,400	54,655	180	In Compliance

¹ The District did not utilize a multitrack calendar during the year.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2017

Forestville Academy Charter School

Grade Level	Minutes Requirement	2016/2017 Actual Minutes	Number of Days Traditional Calendar	Status
Grade two	50,400	54,655	180	In Compliance
Grade three	50,400	54,655	180	In Compliance
Grade four	54,000	57,925	180	In Compliance
Grade five	54,000	57,925	180	In Compliance
Grade six	54,000	57,925	180	In Compliance
Grade seven	54,000	57,250	180	In Compliance
Grade eight	54,000	57,250	180	In Compliance

See accompanying notes to supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

General Fund:	(Budgeted) *			
	2017/2018	2016/2017	2015/2016	2014/2015
Revenues and Other Financing Sources	\$ 4,311,040	\$ 4,874,744	\$ 4,776,165	\$ 393,170
Expenditures	4,058,416	4,807,321	4,095,993	3,823,000
Other Uses and Transfers Out	65,518	50,469	47,486	41,297
Total Outgo	4,123,934	4,857,790	4,143,479	3,864,297
Change in Fund Balance	187,106	16,954	632,686	(3,471,127)
Ending Fund Balance	\$ 1,700,829	\$ 1,513,723	\$ 1,496,769	\$ 864,083
Available Reserves ¹	\$ 695,236	\$ 734,953	\$ 581,834	\$ 571,132
Reserve for Economic Uncertainties	\$ 608,762	\$ 721,098	\$ 207,174	\$ 155,000
Unassigned Fund Balance	\$ 86,474	\$ 13,855	\$ 374,660	\$ 416,132
Available Reserves as a percentage of Total Outgo	16.9%	15.1%	14.0%	14.8%
Total Long-Term Debt	\$ 13,066,928	\$ 13,410,486	\$ 13,038,298	\$ 13,396,645
Average Daily Attendance at P-2	256	320	325	331

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

The General Fund balance has increased by \$649,640 over the past two years. The District has incurred an operating deficit in one of the past three years. The 2017/2018 General Fund budget projects a increase of \$187,106 (12.4%).

For a District of this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (other outgo).

Total long-term debt has increased by \$13,841 over the past two years.

Average daily attendance has decreased by 11 ADA over the past two years. The ADA is anticipated to decrease 64 ADA during the fiscal year 2017/2018.

* The 2017/2018 budget is included for analytical purposes only and has not been subjected to audit.

¹ Available reserves consists of all unassigned fund balances and reserves for economic uncertainty that are contained within the governmental funds. Unassigned fund balances are typically only reported in the General Fund. However, other governmental funds may report negative unassigned fund balances and are included in the reported available reserves.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND
BUDGET REPORT (SACS) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Assets
June 30, 2017 Annual Financial and Budget Report (SACS)	
Capital Assets	\$ 7,670,479
Adjustments and Reclassifications:	
Capital Assets:	
Buildings and improvements	336,180
Depreciation:	
Buildings and improvements	(336,180)
June 30, 2017 Audited Financial Statement Balance	\$ 7,670,479

	Long-Term Debt
June 30, 2017 Annual Financial and Budget Report (SACS)	
Long-Term Debt	\$ 13,241,377
Adjustments and Reclassifications:	
Long-Term Debt:	
General obligation bonds payable	(886,572)
Net pension liability	1,005,774
Net OPEB Obligation	11,287
Accreted interest	38,620
June 30, 2017 Audited Financial Statement Balance	\$ 13,410,486

See accompanying notes to supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Charter School</u>	<u>Status</u>	<u>Included in Audit Report</u>
Forestville Academy Charter	Active	Yes

See accompanying notes to supplementary information.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1. PURPOSE OF SUPPLEMENTARY INFORMATION

A. Other Governmental Funds Financial Statements

These statements provide information on the Forestville Union Elementary School District's (District) Governmental non-major funds, by object.

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

This schedule presents information on the amount of instructional time and number of days offered by the District and each applicable charter school and whether the District complied with the provisions of Education Code Sections 46201 through 46208 and also whether the Charter School(s) complied with the provisions of Education Code Sections 47612 and 47612.5. The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day, and has not met its local control funding formula target.

D. 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.

E. Reconciliation of Annual Financial and Budget Report (SACS) with Audited Financial Statements

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

F. Schedule of Charter School

This schedule represents a complete listing of all charter schools authorized by the District and indicates whether their financial activities and balances have been included in the District's annual audited financial statements for the year ended June 30, 2017.

OTHER INDEPENDENT AUDITOR'S REPORTS

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
Forestville Union Elementary School District
Forestville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forestville Union Elementary School District (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying findings and responses that we consider to be significant deficiency, as item 2017-001.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying findings and responses, as item 2017-001.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robertson & Associates, CPAs

Lakeport, California
January 22, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Forestville Union Elementary School District
Forestville, California

Compliance

We have audited Forestville Union Elementary School District (District)'s compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, that could have a material effect on each of the District's state programs for the year ended June 30, 2017.

Management's Responsibility

Compliance with the applicable compliance requirements is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the applicable compliance requirements based on our compliance 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 *2016-17 Guide for Annual Audits of 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 types of compliance requirements referred to above that could have a direct material effect on the programs identified in the below schedule 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.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	No, See Below
Mental Health Expenditures	Yes
School Districts, County Office of Education and Charter Schools	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	No, See Below
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study For Charter Schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	No, See Below

The term "Not Applicable" used above is to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for Transportation Maintenance of Effort because there were no expenditures in 2012/2013.

We did not perform testing for Immunizations because the District was not listed on the California Department of Public Health (CDPH) list of schools that would require testing.

We did not perform testing for Charter School Facility Grant Program because there were no expenditures in 2016/2017.

Basis for Qualified Opinion on State Compliance

As described in the accompanying schedule of findings and responses, the District did not comply with compliance requirements regarding Unduplicated Local Control Funding Formula Pupil Counts as described as item 2017-001. Compliance with such requirements is necessary, in our opinion, for Forestville Union Elementary School District to comply with state laws and regulations applicable to that program.

Qualified Opinion on State Programs

In our opinion, except for the noncompliance with Unduplicated Local Control Funding Formula Pupil Counts identified in the schedule of findings and responses, as item 2017-001, Forestville Union Elementary School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2017.

Unmodified Opinion on Each of the other State Programs

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 the state compliance programs identified in the table above for the year ended June 30, 2017.

District's Response to Findings

The District's response to the finding identified in our audit is included in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, express no opinion on the response.

Robinson & Associates, CPAs

Lakeport, California
January 22, 2018

FINDINGS AND RESPONSES SECTION

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Financial Statement Findings

There were no findings or questioned costs relative to the financial statements.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards or programs.

State Award Findings and Questioned Costs

2017-001 Unduplicated Pupil Count / State Code 40000 State Compliance

Criteria

Supplemental and concentration grant amounts are calculated based on the percentage of “unduplicated pupils” enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-priced meals under the National School Lunch Program, (3) are foster youth. “Unduplicated count” mean that each pupil is counted only once even if the pupil meets more than one of criteria (EC sections 2574(b)(2) and 42238.02(b)(5)).
- Divided by the total enrollment in the LEA (EC sections 2574(b)(2) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition

One of the students selected to be tested from the Forestville Academy, was erroneously classified as an English Language (EL).

Effect

The District over-reported its Unduplicated Pupil Count.

Cause

We recognize the District makes every attempt to comply with regulations; however, this error appears to be an isolated instance of human oversight.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

2017-001 Unduplicated Pupil Count / State Code 40000 State Compliance (Continued)

Questioned Cost

The total impact of the finding is calculated as follows, the estimated questioned cost is \$271:

Forestville Academy Charter School		Data Input and Calculated Fields			
UPP Audit Adjustment					
1	Total Adjusted Enrollment from the UPP exhibit as of P-2				792
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2				385
3	Audit Adjustment - Number of Enrollment				-
4	Audit Adjustment - Number of Unduplicated Pupil Count				(1)
5	Revised Adjusted Enrollment				792
6	Revised Adjusted Unduplicated Pupil Count				384
7	UPP calculated as of P-2				0.4861
8	Revised UPP for audit finding				0.4848
9	Charter Schools Only: Determinative School District Concentration Cap				0.4722
10	Revised UPP adjusted for Concentration Cap				0.4722
LCFF Target Supplemental Grant Funding Audit Adjustment		TK/K-3	4-6	7-8	9-12
9	Supplemental and Concentration Grant ADA	12.48	4.85	1.65	0.00
10	Adjusted Base Grant per ADA	\$7,820	\$7,189	\$7,403	\$0
11	Target Supplemental Grant Funding calculated as of P-2				\$180,358
12	Revised Target Supplemental Grant Funding for audit finding				\$179,874
13	Target Supplemental Grant Funding audit adjustment				(\$484)
LCFF Target Concentration Grant Funding Audit Adjustment					
14	Target Concentration Grant Funding calculated as of P-2				\$0
15	Revised Target Concentration Grant Funding for audit finding				\$0
16	Target Concentration Grant Funding audit adjustment				\$0
LCFF Target Supplemental Grant Funding Audit Adjustment					
18	Total Target Supplemental and Concentration audit adjustment				(\$484)
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap					
19	Statewide Gap Funding Rate as of P-2				0.5607679980
20	Estimated Cost of Unduplicated Pupil Count audit adjustment				(\$271)

Recommendation

We recommend that the District ensure that all students listed in the CalPADS 1.17 / 1.18 FRPM/English Learners/Foster Youth – Student list Report have supporting documentation to support their CalPADS designation.

District Response and Action Plan

The District will ensure that all students listed in the CalPADS 1.17 / 1.18 FRPM/English Learners/Foster Youth will have supporting documentation to support their CalPADS designation.

FORESTVILLE UNION ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation, If Not Implemented</u>
There were no prior year findings.		