PLEASANTON UNIFIED SCHOOL DISTRICT

PLEASANTON, CALIFORNIA

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2016

PLEASANTON UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Pleasanton Unified School District
Pleasanton, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section, as listed in the Table of Contents, is presented for purposes of additional analysis and as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and are not a required part of the basic financial statements.

The Supplementary Information section 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 7, 2016

INTRODUCTION

Our discussion and analysis of Pleasanton Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

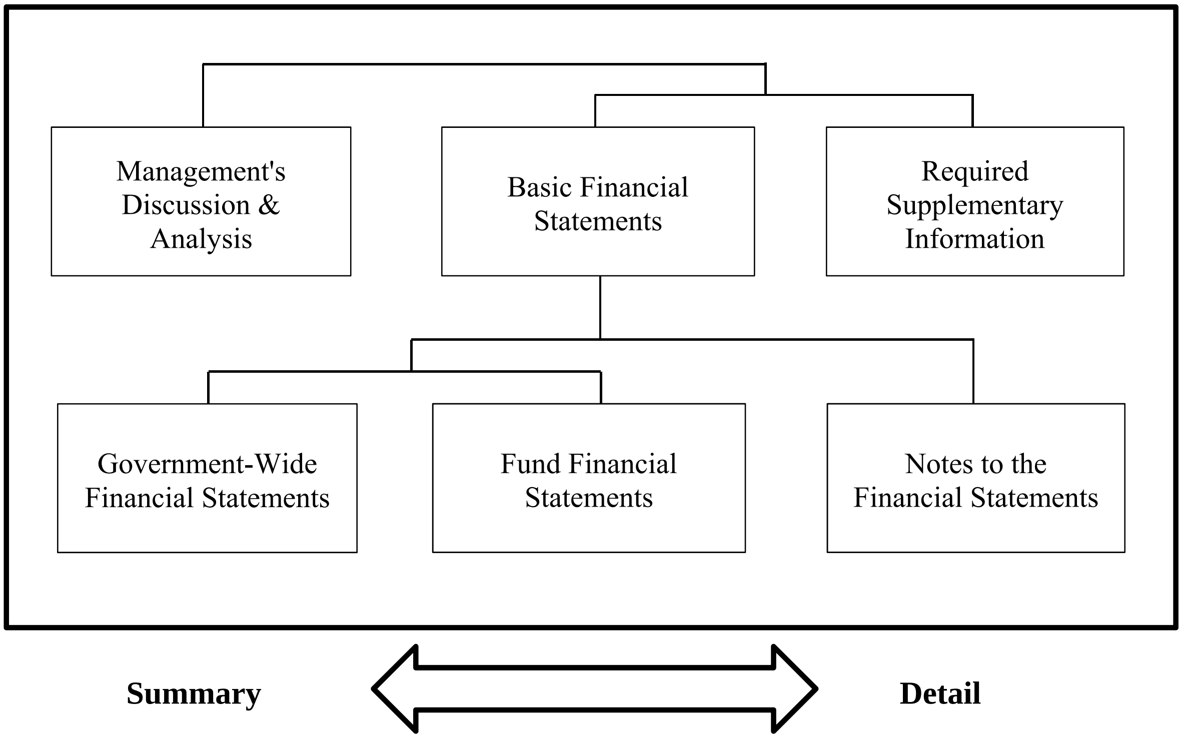
- Government Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, the Statements) was implemented during the fiscal year ended June 30, 2015. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It requires employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The net pension liability as of June 30, 2016 was $130.7 million.

- Overall governmental activities revenues were $184.0 million which exceeded expenses of $180.0 million. Business-type activities revenues were $2.8 million which were exceeded by expenses of $2.9 million.

- General Fund expenditures and other financing uses exceeded revenues and other financing sources by $7.8 million.

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 entity'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 Funds** provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

  - **Enterprise Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

  - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies.

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 District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources are included in the statement of net position. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid. The District net position can be measured by adding the District's assets and deferred outflow of resources and subtracting the liabilities and deferred inflow of resources.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

- Additional non-financial factors such as condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the government-wide financial statements, the District activities are categorized as governmental activities and business-type activities. The governmental activities are the basic services provided by the District, such as regular and special education, administration, and transportation, and are included here. Property taxes and state formula aid finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's governmental activities net position was $31.8 million at June 30, 2016, as reflected in the table below. Of this amount, there is a deficit of $110.1 million in unrestricted due primarily to the recognition of the net pension liability of $130.7. Net investment in capital assets (e.g., land, building and equipment) was $121.4 million of the net position. The District uses these assets to provide educational services; therefore, they are not available for future spending. Although the District's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. And lastly, resources subject to external restrictions accounted for $20.5 million of net position.

	Governmental Activities			Business-Type Activities		
	2016	2015	Net change	2016	2015	Net change
ASSETS						
Current and other assets	$ 65,497,554	$ 63,205,187	$ 2,292,367	$ 1,390,755	$ 1,432,888	$ (42,133)
Capital assets	167,140,072	174,813,627	(7,673,555)			
Total assets	232,637,626	238,018,814	(5,381,188)	1,390,755	1,432,888	(42,133)
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	13,251,217	8,569,188	4,682,029			
LIABILITIES						
Current liabilities	17,809,298	24,012,665	(6,203,367)	229,997	166,711	63,286
Long-term liabilities	183,300,007	166,295,023	17,004,984			
Total liabilities	201,109,305	190,307,688	10,801,617	229,997	166,711	63,286
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pensions	12,935,715	28,903,833	(15,968,118)			
NET POSITION						
Net investment in capital assets	121,434,946	117,332,830	4,102,116			
Restricted	20,487,249	23,968,722	(3,481,473)			
Unrestricted	(110,078,372)	(113,925,071)	3,846,699	1,160,758	1,266,177	(105,419)
Total net position	$ 31,843,823	$ 27,376,481	$ 4,467,342	$ 1,160,758	$ 1,266,177	$ (105,419)

Changes in Net Position

As shown in the table below, the District's governmental activities and business-type revenues were $184.0 million and $2.8 million respectively. The majority of the revenue comes from property taxes and unrestricted federal and state aid (72%). Operating grants and contributions for specific programs accounted for another 22% of total revenues.

The total cost of all governmental activities and business-type programs and services was $179.6 million and $2.9 million respectively. The District's expenses are predominately related to educating and caring for students (67%). Pupil Services (including transportation and food) account for 6% of expenses. General administrative activities accounted for just 5% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 6% of all costs. Transfers to other agencies account for 9% of all costs. The remaining expenses were for interest and other charges, depreciation, and enterprise services and account for the remaining 7% of all costs. The governmental activities net position increased by $4.5 million.

	Governmental Activities			Business-Type Activities		
	2016	2015	Net Change	2016	2015	Net Change
REVENUES						
Program revenues						
Charges for services	$ 4,012,354	$ 3,957,156	$ 55,198			
Operating grants and contributions	41,502,471	34,335,216	7,167,255			
Capital grants and contributions	24,883	18,486	6,397			
General revenues						
Property taxes	66,571,662	66,151,953	419,709			
Unrestricted federal and state aid	67,998,393	62,049,846	5,948,547			
Other	3,938,723	7,385,238	(3,446,515)	$ 2,807,824	$ 2,707,577	$ 100,247
Total revenues	184,048,486	173,897,895	10,150,591	2,807,824	2,707,577	100,247
EXPENSES						
Instruction	104,788,009	95,959,083	8,828,926			
Instruction-related services	18,241,982	15,164,312	3,077,670			
Pupil services	11,337,873	10,150,324	1,187,549			
General administration	8,887,323	7,862,121	1,025,202			
Plant services	11,039,625	11,262,076	(222,451)			
Interest and other charges	1,597,930	1,766,580	(168,650)			
Transfers to other agencies	16,174,300	16,356,682	(182,382)			
Depreciation	7,635,137	8,115,461	(480,324)			
Enterprise services	(9,135)		(9,135)	2,801,343	2,125,783	675,560
Transfers	(111,900)	(45,000)	(66,900)	111,900	45,000	66,900
Total expenses	179,581,144	166,591,639	12,989,505	2,913,243	2,170,783	742,460
Change in net position	4,467,342	7,306,256	(2,838,914)	(105,419)	536,794	(642,213)
Net Position - beginning, as restated*	27,376,481	20,070,225	7,306,256	1,266,177	729,383	536,794
Net position - ending	$ 31,843,823	$ 27,376,481	$ 4,467,342	$ 1,160,758	$ 1,266,177	$ (105,419)

* 2015 restatement to beginning net position is for the cumulative effect of change in accounting principles and correction of errors in previously issued financial statements.

The net expense of all our governmental activities by function this year was $134.2 million. These costs were offset by general revenues, including property taxes of $66.6 million, unrestricted federal and state aid of $62.0 million, and other general revenues of $7.4 million. The table below displays the net expense of all governmental activities by function before the general revenue offsets.

	Net expense by function	
	2016	**2015**
Instruction	$ 84,640,825	$ 81,587,193
Instruction-related services	15,731,831	13,814,061
Pupil services	4,842,088	4,352,501
General administration	7,757,382	6,622,182
Plant services	10,524,066	10,668,710
Interest and other charges	1,588,795	1,766,580
Transfers to other agencies	1,433,212	1,399,093
Depreciation	7,635,137	8,115,461
Net expense by function	$ 134,153,336	$ 128,325,781

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $54.8 million, which increased from last year's ending fund balance of $52.4 million. The District's General Fund had $7.8 million more revenues than expenditures for the year ended June 30, 2016, leading to an ending fund balance of $28.5 million. The District's Special Education Pass-Through Fund had $0 ending fund balance for the year ended June 30, 2016 due to the fact that all of revenues in this fund are transferred to other agencies. The District's Special Reserve Fund for Capital Outlay Projects had $679 thousand less in revenues than expenditures for the year ended June 30, 2016, leading to an ending fund balance of $11.2 million. The District's Other Governmental Funds had $4.7 million less in revenues than expenditures for the year ended June 30, 2016, leading to an ending fund balance of $15.0 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, warrants are presented to the Board for their approval on a monthly basis to reflect expenditures made during the month. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial actuals and current budget based on State and local financial information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had invested $167.1 million in capital assets, net of accumulated depreciation. The net change as a result of fiscal year 2016 activity is primarily due to current year depreciation.

	Governmental Activities		
	2016	2015	Net Change
CAPITAL ASSETS			
Land	$ 40,624,273	$ 40,624,273	
Land improvements	29,659,616	29,653,516	$ 6,100
Buildings & improvements	261,355,086	261,345,778	9,308
Furniture & equipment	5,118,311	6,541,707	(1,423,396)
Accumulated depreciation	(169,617,214)	(163,351,647)	(6,265,567)
Total Capital Assets	$ 167,140,072	$ 174,813,627	$ (7,673,555)

Long-Term Debt

At June 30, 2016, the District had $183.3 million in long-term debt, a decrease of $17.0 million from last year – as shown below. Net Pension Liability increased by $20.6 million primarily due to low investment returns during the measurement period of the net pension liability (June 30, 2015) as compared to the prior measurement period (June 30, 2014). More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2016	2015	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 29,070,126	$ 39,970,797	$ (10,900,671)
Certificates of participation	16,635,000	17,510,000	(875,000)
Compensated absences	626,118	573,608	
Net OPEB obligation	12,485,218	10,132,964	2,352,254
Net pension liability	130,688,278	110,114,330	20,573,948
Less: current portion of long-term debt	(6,204,733)	(12,006,676)	5,801,943
Total Long-term Liabilities	$ 183,300,007	$ 166,295,023	$ 17,004,984

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

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

Landmark legislation passed in Year 2013 reformed California school district finance by creating the new Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21, but the annual amount funded to meet the target is uncertain.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting new compliance and audit requirements.

The Statements took effect in the fiscal year 2014-15. The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District’s proportionate share of the liability was reported in the Statement of Net Position as of June 30, 2016. The amount of the liability is approximately $130.7 million which is material to the financial position of the District. To address the underfunding issues, the pension plans intend to raise employer rates in future years and the increased costs could be significant.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, interdistrict transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District’s budget for the 2016-17 fiscal year.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District’s Business Office at 4665 Bernal Avenue; Pleasanton, California, 94566.

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and equivalents	$ 52,860,152	$ 1,390,036	$ 54,250,188
Accounts receivable	12,146,711	719	12,147,430
Due from other funds	173,785		173,785
Inventories	144,208		144,208
Prepaid items	172,698		172,698
Depreciable capital assets (net)	126,515,799		126,515,799
Nondepreciable capital assets	40,624,273		40,624,273
Total assets	232,637,626	1,390,755	234,028,381
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources related to pensions	13,251,217		13,251,217
LIABILITIES:			
Accounts payable	11,564,141	56,212	11,620,353
Due to other funds		173,785	173,785
Unearned revenue	40,424		40,424
Long-term liabilities, due within one year	6,204,733		6,204,733
Long-term liabilities, due in more than one year	183,300,007		183,300,007
Total liabilities	201,109,305	229,997	201,339,302
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources related to pensions	12,935,715		12,935,715
NET POSITION:			
Net investment in capital assets	121,434,946		121,434,946
Restricted for:			
Capital projects	8,588,050		8,588,050
Debt service	4,053,827		4,053,827
Educational programs	7,169,682		7,169,682
Other purposes (expendable)	675,690		675,690
Unrestricted	(110,078,372)	1,160,758	(108,917,614)
Total net position	$ 31,843,823	$ 1,160,758	$ 33,004,581

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

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities							
Instruction	$ 104,788,009	$ 221,514	$ 19,900,787	$ 24,883	$ (84,640,825)		$ (84,640,825)
Instruction-related services:							
Supervision of instruction	6,047,782	27,589	1,889,885		(4,130,308)		(4,130,308)
Administrative unit (AU) of multidistrict SELPA	380,280				(380,280)		(380,280)
Instructional library, media and technology	2,696,409	1,844	46,494		(2,648,071)		(2,648,071)
School site administration	9,117,511	704	543,635		(8,573,172)		(8,573,172)
Pupil services:							
Pupil transportation	940,390	8,433	539,621		(392,336)		(392,336)
Food services	3,999,248	3,258,678	613,350		(127,220)		(127,220)
Other pupil services	6,398,235	11,197	2,064,506		(4,322,532)		(4,322,532)
General administration:							
Data processing services	811,178				(811,178)		(811,178)
Other general administration	8,076,145	173,273	956,668		(6,946,204)		(6,946,204)
Enterprise activities	2,792,208				9,135	$ (2,801,343)	(2,792,208)
Plant services	11,039,625	5,140	510,419		(10,524,066)		(10,524,066)
Interest and other charges	1,597,930				(1,597,930)		(1,597,930)
Transfers to other agencies	16,174,300	303,982	14,437,106		(1,433,212)		(1,433,212)
Depreciation (unallocated)	7,635,137				(7,635,137)		(7,635,137)
Totals	$ 182,494,387	$ 4,012,354	$ 41,502,471	$ 24,883	(134,153,336)	(2,801,343)	(136,954,679)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					61,357,842		61,357,842
Taxes levied for debt service					5,213,820		5,213,820
Taxes for specific purposes							
Federal and state aid not restricted to specific purposes					67,998,393		67,998,393
Interest and investment earnings					188,663	5,108	193,771
Developer fees					2,664,791		2,664,791
Miscellaneous revenue					1,085,269	2,802,716	3,887,985
Transfers					111,900	(111,900)	
Total general revenues					138,620,678	2,695,924	141,316,602
Change in net position					4,467,342	(105,419)	4,361,923
Net position - beginning					27,376,481	1,266,177	28,642,658
Net position - ending					$ 31,843,823	$ 1,160,758	$ 33,004,581

PLEASANTON UNIFIED SCHOOL DISTRICT

BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and equivalents	$ 24,627,667	$ 558,984	$ 12,284,141	$ 15,389,360	$ 52,860,152
Accounts receivable	8,032,499	4,067,792	4,382	42,038	12,146,711
Due from other funds	1,590,788			2,485	1,593,273
Inventories	91,728			52,480	144,208
Prepaid items	160,968			11,730	172,698
Total assets	$ 34,503,650	$ 4,626,776	$ 12,288,523	$ 15,498,093	$ 66,917,042
LIABILITIES:					
Accounts payable	$ 5,893,488	$ 4,626,776		$ 179,750	$ 10,700,014
Due to other funds	45,310		$ 1,090,072	284,106	1,419,488
Unearned revenue	40,424				40,424
Total liabilities	5,979,222	4,626,776	1,090,072	463,856	12,159,926
FUND BALANCES:					
Nonspendable:					
Revolving cash	76,787				76,787
Inventory	91,728			52,480	144,208
Prepaid items	160,968				160,968
Restricted:					
Instruction	7,169,682				7,169,682
Postemployment benefits	462,150				462,150
Cafeteria				213,540	213,540
Capital outlay				8,588,050	8,588,050
Debt service				4,917,954	4,917,954
Committed:					
Instruction	1,056,094				1,056,094
Technology	537,242				537,242
Postemployment benefits	5,074,009				5,074,009
Debt service			4,863,412		4,863,412
Sycamore fund			6,335,039		6,335,039
Adult education				101,538	101,538
Deferred maintenance				1,160,675	1,160,675
Assigned:					
Department/site carryover	645,534				645,534
Supplemental carryover	625,549				625,549
Unassigned	12,624,685				12,624,685
Total fund balances	28,524,428		11,198,451	15,034,237	54,757,116
Total liabilities and fund balances	$ 34,503,650	$ 4,626,776	$ 12,288,523	$ 15,498,093	$ 66,917,042

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

PLEASANTON UNIFIED SCHOOL DISTRICT

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

Total fund balance, governmental funds	$ 54,757,116
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The historical cost of the capital assets is $336,757,286, and the accumulated depreciation is $169,617,214.	167,140,072
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:	(864,127)
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, are included in governmental activities in the Statement of Net Position.	(189,504,740)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources are reported as follows:	
Deferred outflows of resources related to pensions	13,251,217
Deferred inflows of resources related to pensions	(12,935,715)
Total net position, governmental activities	$ 31,843,823

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

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
State apportionment	$ 51,075,164			$ 1,370,000	$ 52,445,164
Local sources	60,719,844				60,719,844
Total local control funding formula	111,795,008			1,370,000	113,165,008
Federal revenues	3,467,247	$ 4,168,179		594,519	8,229,945
Other state revenues	28,915,665	10,941,055		934,708	40,791,428
Other local revenues	6,586,219		$ 48,787	11,347,280	17,982,286
Total revenues	150,764,139	15,109,234	48,787	14,246,507	180,168,667
EXPENDITURES:					
Current:					
Instruction	98,571,791			646,707	99,218,498
Instruction-related services:					
Supervision of instruction	5,894,604			129	5,894,733
Administrative unit (AU) of multidistrict SELPA	380,280				380,280
Instructional library, media and tech	2,477,179				2,477,179
School site administration	9,014,373			115,219	9,129,592
Pupil services:					
Pupil transportation	943,026				943,026
Food services				3,793,515	3,793,515
Other pupil services	6,396,390			3,030	6,399,420
General administration:					
Data processing services	814,687				814,687
Other general administration	7,672,235			198,642	7,870,877
Plant services	10,596,459			505,197	11,101,656
Debt service:					
Principal	36,374			11,103,079	11,139,453
Interest and other charges	30,518			2,528,160	2,558,678
Capital outlay	6,100			9,308	15,408
Transfers to other agencies	1,065,066	15,109,234			16,174,300
Total expenditures	143,899,082	15,109,234		18,902,986	177,911,302
Excess (deficiency) of revenues over expenditures	6,865,057		48,787	(4,656,479)	2,257,365
OTHER FINANCING SOURCES (USES):					
Interfund transfers out	(362,728)		(1,090,072)	(79,944)	(1,532,744)
Interfund transfers in	1,281,916		362,728		1,644,644
Total other financing sources (uses)	919,188		(727,344)	(79,944)	111,900
Increase (decrease) in fund balances	7,784,245		(678,557)	(4,736,423)	2,369,265
Fund balances - beginning	20,740,183		11,877,008	19,770,660	52,387,851
Fund balances - ending	$ 28,524,428	$	$ 11,198,451	$ 15,034,237	$ 54,757,116

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

PLEASANTON UNIFIED SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds:	$ 2,369,265
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the government-wide statements report only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation ($7,635,137) exceeds capital outlays ($166,897) in the period.	(7,468,240)
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 government-wide statements.	11,482,056
Premiums are recognized as a part of long-term debt transactions in the year of issuance by governmental funds. However, these costs are deferred and amortized in the government-wide statements.	293,615
Gain or loss from disposal of capital assets: in governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the government-wide statements, only the resulting gain or loss is reported. This is the difference between the proceeds from disposal of capital assets and the resulting gain or loss.	(205,315)
Changes in the liability for compensated absences and OPEB are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In government-wide statements, they are recognized when earned.	(2,404,764)
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. However, in government-wide statements, unmatured interest on long-term debt is accrued at year end.	324,526
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual-basis pension costs and actual employer contributions was:	76,199
Change in net position of governmental activities	$ 4,467,342

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

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2016

ASSETS:	
Cash and equivalents	$ 1,390,036
Accounts receivable	719
Total assets	1,390,755
LIABILITIES:	
Accounts payable	56,212
Due to other funds	173,785
Total liabilities	229,997
NET POSITION:	
Unrestricted	$ 1,160,758

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

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2016

OPERATING REVENUES:	
Charges for services	$ 227,357
Other local revenue	2,575,359
Total operating revenue	2,802,716
OPERATING EXPENSES:	
Classified personnel salaries	1,666,258
Employee benefits	462,348
Books and supplies	161,412
Services and other operating expenses	511,325
Total operating expenses	2,801,343
Operating income	1,373
NONOPERATING REVENUES (EXPENSES):	
Interfund transfers out	(111,900)
Interest income	5,108
Total nonoperating revenues (expenses)	(106,792)
Decrease in net position	(105,419)
Net position - beginning	1,266,177
Net position - ending	$ 1,160,758

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

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	$ 2,803,745
Cash paid for operating expenses	(2,752,831)
Net cash and equivalents provided by operating activities	50,914
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(95,599)
CAHS FLOWS FROM INVESTING ACTIVITIES:	
Interest received	5,108
Net decrease in cash and equivalents	(39,577)
Cash and equivalents – beginning of year	1,429,613
Cash and equivalents – end of year	$ 1,390,036
RECONCILIATION OF OPERATING INCOME TO CASH AND EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 1,373
Changes in operating assets and liabilities:	
Accounts receivable	1,028
Prepaid expenses	1,528
Accounts payable	46,985
Net cash and equivalents provided by operating activities	$ 50,914

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

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	Student Body Agency Fund
ASSETS:	
Cash and equivalents	$ 960,590
LIABILITIES:	
Due to student groups and other agencies	$ 960,590

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

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

B. REPORTING ENTITY

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

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

C. BASIS OF PRESENTATION

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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.

Fund financial statements – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column as other governmental funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures, and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Proprietary and Fiduciary funds use the accrual basis of accounting.

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 collectible within the current period or within 45, 60, or 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.

Non-exchange transactions are those in which the District receives value without directly giving equal value in return, and 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, under 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. Receivables associated with non-exchange transactions that will not be collected within the period of availability have would be offset with unavailable revenue.

Unearned Revenue – Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are recorded as unearned revenue.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed, assigned, and then unassigned fund balances.

E. FUND ACCOUNTING

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

Major Governmental Funds

Major governmental funds, meeting the criteria of a major fund under GASB, comprise the following:

The **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Additionally, the Special Reserve for Other than Capital Outlay has been combined with the General Fund because it does not meet the definition of a special revenue fund under GASB.

The **Special Education Pass-Through Fund**, a special revenue fund, is used by the Administrative Unit (AU) of a multi-LEA Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member LEAs.

The **Special Reserve Fund for Capital Outlay Projects**, a capital projects fund, exists primarily to provide for accumulation of General Fund moneys for capital outlay purposes. The **Sale of Property Reserve Fund (Sycamore Fund)** is a subfund of the **Special Reserve Fund for Capital Outlay Projects** that was established to account for proceeds from the District's sale of real property.

Non-Major Governmental Funds

Funds not meeting the criteria of a major fund are reported as other governmental funds and include the following:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

The **Adult Education Fund** is used to account for state, federal and local revenues for adult educational programs.

The **Cafeteria Fund** is used to account for state, federal and local revenues to operate the food services program.

The **Deferred Maintenance Fund** is used to account for state revenues, and matching funds from the District, that are to be used on maintenance projects for upkeep of district facilities.

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

The **Building Fund** is used to account for the acquisition and construction of major governmental capital facilities and buildings.

The **Capital Facilities Fund** is used to account for resources received from development impact fees assessed under provisions of the California Government Code.

The **County School Facilities Fund** is used to account for state apportionment provided for construction and reconstruction of school facilities.

The **Debt Service** funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other debt related costs. The District maintains the following non-major debt service fund:

The **Bond Interest and Redemption Fund**, a debt service fund, is used to account for the accumulation of resources for, and the repayment of general obligation bonds, interest, and other debt-related costs.

Enterprise Fund

An **Enterprise Fund** is used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District operates one enterprise fund, the **Child Development Fund**.

Fiduciary Fund

An **Agency Fund** is used to account for assets of others for which the District acts as an agent. The District maintains the **Student Body Agency Fund**, which is used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

F. BUDGETS AND BUDGETARY ACCOUTNING

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

These budgets are revised by the District's Board of Trustees during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund and the Special Education Pass-Through 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.

G. 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.

H. INVENTORIES AND PREPAID ITEMS

Inventories are recorded at the latest invoice cost. Inventories in the applicable funds consist primarily of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

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 during the benefiting period.

I. 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. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Buildings and Improvement of Sites	25-50 years
Furniture and Equipment	15-20 years
Technology Equipment	4-5 years
Vehicles	8 years

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension plan after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 8 for further details related to these pension deferred outflows and inflows.

K. PENSIONS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (the CalSTRS Plan), and classified employees are members of the Schools Pool (the CalPERS Plan), collectively referred to as the Plans. For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the District's portions of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

L. COMPENSATED ABSENCES

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are generally liquidated by the General Fund.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure 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.

M. FUND BALANCE RESERVES

In the governmental fund financial statements fund balances are classified as follows:

Non-spendable – Funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

Restricted – Funds that are mandated for specific purposes because the amounts are subject to externally imposed or legally enforceable constraints.

Committed – Funds set aside for specific purposes by the District’s highest level of decision-making authority (Board of Trustees) pursuant to formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specific use through the same type of formal action taken to establish the commitment.

Assigned – Funds that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Administrative Regulation No. 2014-15.03 hereby delegates the authority to assign amounts to be used for specific purposes to the Assistant Superintendent of Business Services for the purpose of reporting these amounts in the financial statements.

Unassigned – The residual balance of the General Fund that has not been assigned to other funds and that is not restricted, committed or assigned to a specific purpose.

Consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Trustees, the District maintains a Reserve for Economic Uncertainties to safeguard the District’s financial stability. The responsibility to operate the District to maintain financial stability resides with the elected Board of Trustees. The recommended reserve for a District of this size is a minimum of 3% of general fund expenditures and other financing uses. The District’s standard policy is to maintain the minimum reserve. As of June 30, 2016, the District had a Reserve for Economic Uncertainty of $4,386,594 in the General Fund’s unassigned fund balance which represents 3% of the budgeted General Fund expenditures and other financing uses on a budgetary basis.

N. PROPERTY TAXES

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

O. LONG-TERM OBLIGATIONS

The District reports long-term obligations of governmental funds at face value in the government-wide financial statements.

P. USE OF 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, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

Q. FUTURE GASB IMPLEMENTATION

In June of 2015, the GASB issued GASB Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* with required implementation for the District during the year ended June 30, 2018. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It will require employers to report a net OPEB liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 75 is required to be implemented retroactively and will require a restatement of beginning net position.

2. CASH AND EQUIVALENTS

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

	Governmental Activities	Business-Type Activities	Fiduciary Funds
County Treasury	$ 47,229,251	$ 913,989	
Cash on hand and in banks	76,949	476,027	$ 960,590
Revolving fund	76,787		
Cash collections awaiting deposit	938,076	20	
Deposits in LAIF	4,539,089		
Total cash and equivalents	$ 52,860,152	$ 1,390,036	$ 960,590

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Alameda County Treasury (the County Treasury). The County 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 County Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq., and is restricted by Government Code Section 53635, pursuant to Section 53601. The funds maintained by the County Treasury are either secured by federal depository insurance or are collateralized.

The County 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.

Local Agency Investment Funds

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Separate complete financial statements are available at P.O. Box 942809, Sacramento, CA 94209-0001.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the entity by the District's investment policy. 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
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	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 Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage Pass through Securities	5 years	20%	None
Joint Power Agreements	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury and LAIF was not available.

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, 2016, the weighted average maturity of the investments contained in the County Treasury investment pool is approximately 376 days.

Credit Risks

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 and LAIF investment pool do not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the 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 deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amounts deposited by the public agencies.

District deposits held with financial institutions and with fiscal agents in excess of federal depository insurance limits held in accounts collateralized by securities held by the pledging financial institution were $799,990.

3. ACCOUNTS RECEIVABLE

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

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total Governmental Activities	Total Business-Type Activities
Federal Government	$2,292,502	$ 3,961,479		$ 29,473	$ 6,283,454	
State Government	4,148,021	106,313	$ 4,382	8,087	4,266,803	$ 719
Local Government	1,591,976			4,478	1,596,454	
Total	$8,032,499	$ 4,067,792	$ 4,382	$ 42,038	$ 12,146,711	$ 719

4. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not depreciated:				
Land	$ 40,624,273			$ 40,624,273
Total capital assets, not depreciated	40,624,273			40,624,273
Capital assets, depreciated:				
Land improvements	29,653,516	$ 6,100		29,659,616
Buildings and improvements	261,345,778	9,308		261,335,086
Furniture and equipment	6,541,707	151,489	$ (1,574,885)	5,118,311
Total capital assets, depreciated	297,541,001	166,897	(1,574,885)	296,133,013
Less accumulated depreciation for:				
Land improvements	(27,494,570)	(435,949)		(27,930,519)
Buildings and improvements	(131,107,962)	(7,071,932)		(138,179,894)
Furniture and equipment	(4,749,115)	(127,256)	1,369,570	(3,506,801)
Total accumulated depreciation	(163,351,647)	(7,635,137)	1,369,570	(169,617,214)
Capital assets, net	$ 174,813,627	$ (7,468,240)	$ (205,315)	$ 167,140,072

5. INTERFUND TRANSACTIONS

Interfund transactions include 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 or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

Due from/Due to Other Funds

Individual interfund receivables and payables as of June 30, 2016 were as follows:

	Payable Fund				
Receivable Fund	**General Fund**	**Special Reserve Fund for Capital Outlay Projects**	**Other Governmental Funds**	**Enterprise Fund**	**Total**
General Fund	$ 42,825	$ 1,090,072	$ 284,106	$ 173,785	$ 1,590,788
Other Governmental Funds	2,485				2,485
Total	$ 45,310	$ 1,090,072	$ 284,106	$ 173,785	$ 1,593,273

Interfund receivables and payables included in the financial statements are paid and cleared in the subsequent period.

As of June 30, 2016 the General Fund and Deferred Maintenance Fund had long-term advances due to the Sycamore Fund of $528,877 and $230,000, respectively. The advances are not included as interfund receivables and payables because at establishment of the advances repayment amounts were not expected within a reasonable period of time. At inception, the advances are reported as transfers from the Sycamore Fund to the respective funds that received the advances. The District has a self-imposed timeline for repayment of the advances. The advance due from the General Fund (the FY 10/11 Hearst Mod Remediation Loan) was expected to be repaid with interest over a 5 year period beginning in fiscal year 2013. The advances due from the General Fund (Wireless LAN Project) are expected to be repaid with interest over a 4 year period. The advance due from the Deferred Maintenance Fund (the FY 07/08 Hearst Roofing Loan) was expected to be repaid with interest over a 4 year period beginning September 30, 2008. Repayments have been delayed due to budget restrictions.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers for the year ended June 30, 2016, were as follows:

	Transfers In		
Transfers Out	**General Fund**	**Special Reserve Fund for Capital Outlay Projects**	**Total**
General Fund		$ 362,728	$ 362,728
Special Reserve Fund for Capital Outlay Projects	$ 1,090,072		1,090,072
Other Governmental Funds	79,944		79,944
Enterprise Fund	111,900		111,900
Total	$ 1,281,916	$ 362,728	$ 1,644,644

For the fiscal year ended June 30, 2016, the significant and/or non-routine transfers to the Special Reserve for Capital Outlay from the General Fund in the amount of $362,728 was made to provide additional funding for debt service and repayment of the Hearst Mold Remediation loan. In addition, the Special Reserve for Capital Outlay transferred funds to General Fund in the amount of $1,070,397 to fund the Wireless LAN project advance and $19,675 for interest earnings to support technology.

6. LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2016 consisted of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Balance Due in One Year
Governmental Activities					
General obligation bonds	$ 34,564,429		$(10,264,453)	$ 24,299,976	$ 4,380,000
Unamortized premium	2,642,535		(293,615)	2,348,920	293,615
Accreted interest	2,763,833	$ 172,945	(515,548)	2,421,230	
Certificates of Participation	17,510,000		(875,000)	16,635,000	905,000
Compensated absences	573,608	52,510		626,118	626,118
Net pension liability	110,114,330	29,143,136	(8,569,188)	130,688,278	
Net OPEB obligation	10,132,964	3,480,144	(1,127,890)	12,485,218	
Total	$ 178,301,699	$ 32,848,735	$(21,645,694)	$ 189,504,740	$ 6,204,733

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund. Payments on the certificates of participation are made from the Capital Facilities Fund and a small portion from the General Fund. Payments on the capitalized lease obligations are made from the General Fund. Payments on the postemployment benefits are made from the General Fund, regardless of the fund for which the related employee worked. Payments on the compensation absences are made from the fund for which the related employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt of the District at June 30, 2016 is:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2015	Additions	Deductions	Bonds Outstanding June 30, 2016
2003 Refunding Series A	2003	2017	1.35 - 5.25%	$ 14,845,000	$ 2,975,000		$ 1,445,000	$ 1,530,000
2003 Refunding Series B	2003	2022	1.00 - 4.50%	19,474,976	964,976			964,976
2004 Refunding Series C	2004	2016	2.00 - 5.375%	40,705,000	5,705,000		5,705,000	
2005 Refunding	2005	2015	3.00 - 5.00%	16,924,453	229,453		229,453	
2013 Refunding	2013	2013	3.00 - 5.00%	14,565,000	13,800,000		1,305,000	12,495,000
2014 Refunding	2014	2023	2.00 - 4.00%	11,100,000	10,890,000		1,580,000	9,310,000
					$ 34,564,429	$	$ 10,264,453	$ 24,299,976

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

Year Ended June 30,	Principal	Interest	Total
2017	$ 4,380,000	$ 677,538	$ 5,057,538
2018	2,828,577	1,598,798	4,427,375
2019	1,896,399	2,254,377	4,150,776
2020	4,020,000	564,275	4,584,275
2021	4,475,000	405,775	4,880,775
2022-2024	6,700,000	293,775	6,993,775
Total	$ 24,299,976	$ 5,794,538	$ 30,094,514

Certificates of Participation

On June 10, 2010 the District entered into a lease/purchase agreement with Alameda Contra Costa School Financing Authority for the issuance of Certificates of Participation (COPs) in the amount of $17,510,000. The COPs were sold on behalf of the District to refinance the 2002 and 2003 COPs which provided funds for the acquisition and construction of certain projects. The COP refunding was split into $13,010,000 of serial certificates and $4,500,000 of term certificates which bear a fixed rate per annum. The COPs are scheduled to mature annually through August 1, 2029.

The COPs require annual payments as follows:

Year Ended June 30,	Principal	Interest	Total
2017	$ 905,000	$ 702,981	$ 1,607,981
2018	935,000	672,344	1,607,344
2019	970,000	641,294	1,611,294
2020	1,005,000	604,944	1,609,944
2021	1,045,000	563,944	1,608,944
2022-2026	5,925,000	2,117,484	8,042,484
2027-2030	5,850,000	561,844	6,411,844
Total	$ 16,635,000	$ 5,864,835	$ 22,499,835

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In addition to the pension benefits described in Note 8, the District provides postretirement healthcare benefits to employees. The District funds up to five retirement award packages each year for certificated non-management retirees wherein each eligible retiree shall receive a lump-sum amount towards an IRC 403(b) account. If an eligible retiree's application is not funded, the retiree will receive District-paid benefits. The District offers a Golden Handshake Program for management retirees wherein each eligible retiree shall receive either District paid benefits or lump-sum amount towards an IRC 403(b) account. Certificated retirees must be at least age 55 with 10 years of service. Classified retirees must be at least age 55 with 10 years of service. Management retirees must be at least age 55 with at least 10 years of service to the District. All groups receive the same dental coverage. The District provides an explicit subsidy for pre 65 medical and dental benefits for all retirees except those Management retirees that chose the Golden Handshake program. For Management retirees to be eligible for the Golden Handshake program, a member with either a combined 10 years as an administrator/employee in the District, or 7 years as an administrator in the District and who is at least 55 years of age. The amount of benefits described is subject to increase based on yearly Cost of Living Adjustment (COLA) calculations.

Contributions are required for both retiree and dependent coverage. Depending on the employee group and the terms of retirement, the District provides an explicit subsidy for all eligible retirees except those that are in the Management Early Retirement programs. The duration of the subsidy is either 5 or 7 years depending on the retiree's choice of coverage and until the retiree reaches 65, whichever comes first. The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board.

As of June 30, 2016, 250 retirees met these eligibility requirements. As of June 30, 2016, the District had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there is no separately issued report of the plan. The June 30, 2016 contributions consist of $1,127,980 postemployment benefits for current retirees on a pay-as-you-go basis. The change in other postemployment benefits does not include the transfer from the general fund to the special reserve fund for other than capital outlay fund of $1,011,000 as this does not meet GASB qualification for a contribution. As of June 30, 2016, the District has committed approximately $4.4 million for postemployement benefits.

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 GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimations are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation. The schedule of funding progress included in the required supplementary information presents multiyear information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll over a rolling 30 years
Remaining amortization period at June 30, 2016	30
Discount rate assumption	4.5%
Health inflation assumption	4-7%

Annual required contribution	$ 3,456,060
Interest on net OPEB obligation	455,983
Adjustment to annual required contribution	(431,899)
Annual OPEB expense	3,480,144
Contributions made:	
Payment to insurers/retirees	(1,127,890)
Increase in OPEB obligation	2,352,254
Net OPEB obligation at July 1, 2015	10,132,964
Net OPEB obligation at June 30, 2016	$ 12,485,218

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2016 and the preceding two years is as follows:

Fiscal year ended	Annual OPEB expense	% of annual OPEB expense contributed	Net OPEB obligation
6/30/14	$ 2,215,000	43%	$ 8,949,641
6/30/15	$ 2,172,000	46%	$ 10,132,964
6/30/16	$ 3,480,144	32%	$ 12,485,218

The District's funding status for other postemployment benefits as of the most recent valuation date, July 1, 2015, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b – a] / c)
7/1/15	$ 0	$ 28,561,883	$ 28,561,883	0%	$ 94,213,075	30%

8. EMPLOYEE RETIREMENT SYSTEMS

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District participates in the State Teachers' Retirement Plan (the CalSTRS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. CalSTRS acts as a common investment and administrative agent for participating public entities within the State of California. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calstrs.com.

Benefits Provided

The benefits for the CalSTRS Plan are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalSTRS Plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or before December 31, 2012, to perform CalSTRS creditable activities, and 2) CalSTRS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalSTRS creditable activities. The 2 percent, also known as the age factor, refers to the percentage of final compensation received as a retirement benefit for each year of service credit. To be eligible for 2% service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with five years of service.

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 19.1% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2016, was 10.73% of annual pay. The District's required contributions to the CalSTRS Plan were $8,384,573 for the year ended June 30, 2016.

The State contributes a percentage of the annual earnings of all members of the CalSTRS Plan. AB 1469 increases the State's contribution attributable to the benefits in effect in 1990, but does not change the base rate of 2.017%. In accordance with AB 1469, the portion of the state appropriation under Education Code Sections 22955(b) that is in addition to the base rate has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437% in 2014-15 to 4.311% in 2016-17. The increased contributions end as of fiscal year 2046-47. The State contribution rate for the period ended June 30, 2016, was 7.125890% of the District's 2013-14 creditable CalSTRS compensation.

Actuarial Assumptions

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

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Investment Rate of Return(1)	7.60%
Mortality(2)	CalSTRS' Membership Data
Post-Retirement Benefit Increase	2% simple

(1) Net of investment expenses, but gross of administrative expenses.
(2) CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

Discount Rate

The discount rate used to measure the CalSTRS Plan's total pension liability was 7.60%. 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 increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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 as an input to the process. Based on the model from CalSTRS consulting actuary's 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 CalSTRS' general investment consultant is based on CalSTRS' board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the CalSTRS 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 Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
Global Equity	47.00%	4.50%
Private Equity	12.00%	6.20%
Real Estate	15.00%	4.35%
Inflation Sensitive	5.00%	3.20%
Fixed Income	20.00%	0.20%
Cash / Liquidity	1.00%	0.00%
Total	100.00%	

*10-year geometric average

California Public Employees' Retirement System (CalPERS)

Plan Description

The District participates in the Schools Pool (the CalPERS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the CalPERS Plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PEPRA made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalPERS Plan has two benefit structures: 1) CalPERS 2% at 55 – Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalPERS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 50 with a minimum of five years of CalPERS-credited service, while members hired after January 1, 2013, must be at least age 52 with a minimum of five years of CalPERS-credited service.

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the CalPERS Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's required contribution rate for the year ended June 30, 2016, was 11.847% of annual pay. District contributions to the CalPERS Plan were $2,266,942 for the year ended June 30, 2016.

Actuarial Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases(1)	Varies
Investment Rate of Return(2)	7.65%
Mortality(3)	CalPERS' Membership Data
Post-Retirement Benefit Increase	Up to 2.75%(4)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment; includes inflation
(3) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the April 2014 experience study report.
(4) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates.

Change in Assumption

GASB 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.650% for the CalPERS Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the 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 CalPERS Plan. The results of the crossover testing for the CalPERS Plan are presented in a detailed report that can be obtained from the 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (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 the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10[a]	Real Return Years 11+[b]
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

[a] An expected inflation of 2.5% was used for this period.
[b] An expected inflation of 3.0% was used for this period.

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

As of June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State's pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability:	
CalSTRS Plan	$ 107,045,160
CalPERS Plan	23,643,118
State's proportionate share of CalSTRS net pension liability associated with the District	56,774,903
Total	$ 187,463,181

The District's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liabilities of the Plans are measured as of June 30, 2015, and calculated by reducing the total pension liability of each Plan by the respective Plan's fiduciary net position. The District's proportion of each Plan's net pension liability was based on the ratio of the District's actual employer contributions in the measurement period to the total actual employer and State contributions received by the respective Plan in the measurement period. The District's proportionate share of the net pension liability as of June 30, 2015, was 0.159% and 0.1604% for the CalSTRS and CalPERS Plans, respectively, which was an increase of .002% and an decrease of 0.2234% from its proportion measured as of June 30, 2014 for CalSTRS and CalPERS Plans, respectively.

For the year ended June 30, 2016, the District recognized pension expense of $19,472,048 and revenue of $8,896,732 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,351,239	$ (1,788,750)
Changes in assumptions		(1,452,699)
Changes in proportion	1,248,463	(158,786)
Net differences between projected and actual investment earnings of pension plan investments		(9,535,480)
District contributions subsequent to measurement date	10,651,515	
Total	$ 13,251,217	$ (12,935,715)

The $10,651,515 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 ending June 30, 2017. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	$ (4,384,654)
2018	(4,384,654)
2019	(4,375,665)
2020	2,989,186
2021	(89,934)
Thereafter	(90,292)

Sensitivity of the District's 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 of the Plans as of the measurement date, calculated using the discount rate, 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:

	Discount Rate –1% (6.60%)	Current Discount Rate (7.60%)	Discount Rate +1% (8.60%)
District's proportionate share of the CalSTRS Plan's net pension liability	$ 161,629,860	$ 107,045,160	$ 61,680,870

	Discount Rate –1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
District's proportionate share of the CalPERS Plan's net pension liability	$ 38,481,145	$ 23,643,118	$ 11,304,308

9. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

Litigation

Various claims and litigation involving the District are currently outstanding. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

10. PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint powers authorities (JPAs), the East Bay Schools Insurance Group (EBSIG) and the Alameda County Schools Insurance Group (ACSIG). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

EBSIG arranges for and provides property and liability insurance for its members. ACSIG arranges for and provides workers' compensation insurance for its members. The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the boards. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs.

Condensed unaudited financial information for ACSIG for the year ended June 30, 2015, is as follows:

Total Assets	$ 31,906,924
Total Liabilities	$ 30,649,692
Net Position	1,257,232
Total Liabilities and Net Position	$ 31,906,924
Total Revenues	$ 136,396,673
Total Expenses	134,946,771
Increase in Net Position	$ 1,449,902

Condensed unaudited financial information for EBSIG for the year ended June 30, 2015, is as follows:

Total Assets	$ 2,466,214
Total Liabilities	$ 2,068,289
Net Position	397,925
Total Liabilities and Net Position	$ 2,466,214
Total Revenues	$ 4,815,184
Total Expenses	4,843,101
Decrease in Net Position	$ (27,917)

Complete separate financial statements for either JPA may be obtained from the District or JPA.

11. CALPERS, SPECIAL RESERVE FOR OTHER THAN CAPITAL OUTLAY FUND

As a result of the agreement between the District and the Management/Confidential employees, the District will transfer on an annual basis from the General Fund to the Special Reserve Fund for the shift to CalPERS for medical insurance. The $29,000 transfer is a portion of the approved 1% salary increase for Management/Confidential employees during the fiscal year ending June 30, 2014. On November 12, 2013, the board approved the salary schedule increase of 0.74%. The balance of 0.26% or $29,000 is transferred annually per agreement.

On a quarterly basis, the District will transfer funds back to the General Fund from the Special Reserve Fund to cover the actual costs. The accounting of funds is provided below for the fiscal year ended June 30, 2016:

CalPERS - Management		
Beginning balance	$	10,566
Revenue - interest		221
Transfer in from General Fund - CalPERS Management		29,000
Transfer in from General Fund - CalPERS Management one-time		42,975
Transfer out - Active Members/Retirees		(31,514)
Ending balance	$	51,248

As a result of the agreement between the District and the Association of Pleasanton Teachers (APT), which was approved by the Board of Trustees on June 18, 2013, the District will transfer $0.5 million on an annual basis from the General Fund to the Special Reserve Fund for the shift to CalPERS for medical insurance. The $500,000 transfer is in lieu of a salary schedule increase.

On a quarterly basis, the District will transfer funds back to the General Fund from the Special Reserve Fund to cover the actual costs. The accounting of funds is provided below for the fiscal year ended June 30, 2016:

CalPERS - APT		
Beginning balance	$	430,901
Revenue - interest		3,106
Transfer in from General Fund - CalPERS APT		500,000
Transfer out - Active Members/Retirees		(332,866)
Ending balance	$	601,141

REQUIRED SUPPLEMENTARY INFORMATION

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b – a] / c)
7/1/11	$	$ 21,217,000	$ 21,217,000	0%	$ 80,916,528	26%
7/1/13	$	$ 16,920,000	$ 16,920,000	0%	$ 89,384,233	19%
7/1/15	$	$ 28,561,883	$ 28,561,883	0%	$ 94,213,075	30%

PLEASANTON UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Budget to GAAP (a)	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
REVENUES:					
State apportionment	$ 58,180,058	$ 51,878,889	$ 51,075,164		$ 51,075,164
Local sources	53,270,395	59,916,119	60,719,844		60,719,844
Total local control funding formula	111,450,453	111,795,008	111,795,008		111,795,008
Federal revenues	3,650,610	3,467,247	3,467,247		3,467,247
Other state revenues	22,534,644	28,915,665	28,915,665		28,915,665
Other local revenues	1,430,559	6,562,946	6,562,946	$ 23,273	6,586,219
Total revenues	139,066,266	150,740,866	150,740,866	23,273	150,764,139
EXPENDITURES:					
Certificated personnel salaries	75,312,533	78,724,638	78,724,638		78,724,638
Classified personnel salaries	17,477,982	18,702,904	18,702,904		18,702,904
Employee benefits	18,549,720	24,324,489	24,324,489		24,324,489
Books and supplies	4,638,792	5,758,310	5,710,680		5,710,680
Services and other operating expenditures	13,693,319	15,703,792	15,376,421		15,376,421
Capital outlay	87,000	126,634	126,634		126,634
Other outgo	1,522,831	1,131,958	1,065,066		1,065,066
Allocation of indirect costs	(196,168)	(198,642)	(198,642)		(198,642)
Debt service			66,892		66,892
Total expenditures	131,086,009	144,274,083	143,899,082		143,899,082
Excess of revenues over expenditures	7,980,257	6,466,783	6,841,784	23,273	6,865,057
OTHER FINANCING SOURCES (USES):					
Interfund transfers in	1,594,421	1,721,296	1,721,296	(439,380)	1,281,916
Interfund transfers out	(1,621,575)	(1,945,703)	(1,945,703)	1,582,975	(362,728)
Total other financing sources (uses)	(27,154)	(224,407)	(224,407)	1,143,595	919,188
Net increase in fund balance	7,953,103	6,242,376	6,617,377	1,166,868	7,784,245
Fund balance – beginning	16,370,891	16,370,891	16,370,891	4,369,292	20,740,183
Fund balance – ending	$ 24,323,994	$ 22,613,267	$ 22,988,268	$ 5,536,160	$ 28,524,428

(a) Differences are a result of the District including activity of the Special Reserve for Other than Capital Outlay Fund with the General Fund for GAAP reporting.

PLEASANTON UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION PASS-THROUGH FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	**Final**	**GAAP Basis**
REVENUES:			
Federal revenues	$ 3,807,334	$ 4,168,179	$ 4,168,179
Other state revenues	10,697,078	10,941,051	10,941,055
Total revenues	14,504,412	15,109,230	15,109,234
EXPENDITURES:			
Other outgo	14,504,412	15,109,234	15,109,234
Total expenditures	14,504,412	15,109,234	15,109,234
Net change in fund balance		(4)	
Fund balance – beginning			
Fund balance – ending	$	$ (4)	$

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2016 LAST 10 YEARS*

CalSTRS Plan

	Measurement Date	
	2015	**2014**
District's proportion of the net pension liability	.159%	.157%
District's proportionate share of the net pension liability	$ 107,045,160	$ 91,746,090
State's proportionate share of the net pension liability associated with the District	56,774,903	55,260,292
Total	$ 163,820,063	$ 147,006,382
District's covered-employee payroll	$ 72,833,668	$ 70,404,045
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	147%	130%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – There were no changes in assumptions.

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

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2016 LAST 10 YEARS*

CalPERS Plan

	Measurement Date	
	2015	**2014**
District's proportion of the net pension liability	.1604%	.162%
District's proportionate share of the net pension liability	$ 23,643,118	$ 18,368,240
District's covered-employee payroll	$ 17,751,101	$ 16,939,425
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – During the measurement period ending June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct adjustment which previously reduced the discount rate for administrative expenses. There were no changes in assumptions during the measurement period ended June 30, 2014.

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

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
AS OF JUNE 30, 2016
LAST 10 YEARS*

CalSTRS Plan

	Fiscal Year	
	2016	**2015**
Contractually required contribution (actuarially determined)	$ 8,384,573	$ 6,479,899
Contributions in relation to the contractually required contributions	(8,384,573)	(6,479,899)
Contribution deficiency (excess)	$	$
District's covered-employee payroll	$ 78,191,439	$ 72,833,668
Contributions as a percentage of covered-employee payroll	10.72%	8.9%

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

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
AS OF JUNE 30, 2016
LAST 10 YEARS*

CalPERS Plan

	Fiscal Year	
	2016	**2015**
Contractually required contribution (actuarially determined)	$ 2,266,942	$ 2,089,289
Contributions in relation to the contractually required contributions	(2,266,942)	(2,089,289)
Contribution deficiency (excess)	$	$
District's covered-employee payroll	$ 19,136,167	$ 17,752,101
Contributions as a percentage of covered-employee payroll	11.85%	11.8%

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

ADDITIONAL INFORMATION SECTION

PLEASANTON UNIFIED SCHOOL DISTRICT

BALANCE SHEETS
ALL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Bond Interest and Redemption Fund	Deferred Maintenance Fund	Building Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Funds
ASSETS:								
Cash and equivalents	$ 4,913,543	$ 1,232,795	$ 75,850	$ 145,626	$ 420,436	$ 2,791,022	$ 5,810,088	$ 15,389,360
Accounts receivable	4,411	1,022	68	134	29,472	2,153	4,778	42,038
Due from other funds					2,485			2,485
Prepaid items				11,730				11,730
Inventories					52,480			52,480
Total assets	$ 4,917,954	$ 1,233,817	$ 75,918	$ 157,490	$ 504,873	$ 2,793,175	$ 5,814,866	$ 15,498,093
LIABILITIES:								
Accounts payable		$ 73,142		$ 45,382	$ 45,261	$ 15,965		$ 179,750
Due to other funds				10,570	193,592	79,944		284,106
Total liabilities		73,142		55,952	238,853	95,909		463,856
FUND BALANCES:								
Nonspendable					52,480			52,480
Restricted	$ 4,917,954		$ 75,918		213,540	2,697,266	$ 5,814,866	13,719,544
Committed		$ 1,160,675		101,538				1,262,213
Total fund balances	4,917,954	1,160,675	75,918	101,538	266,020	2,697,266	5,814,866	15,034,237
Total liabilities and fund balances	$ 4,917,954	$ 1,233,817	$ 75,918	$ 157,490	$ 504,873	$ 2,793,175	$ 5,814,866	$ 15,498,093

PLEASANTON UNIFIED SCHOOL DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Bond Interest and Redemption Fund	Deferred Maintenance Fund	Building Fund	Adult Education Fund	Cafeteria Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Funds
REVENUES:								
State apportionment	$	$ 1,370,000						$ 1,370,000
Federal revenues					$ 594,519			594,519
Other state revenues	26,375			$ 870,392	37,941			934,708
Other local revenues	5,207,682	4,170	$ 377	474	3,436,834	$ 2,672,859	$ 24,884	11,347,280
Total revenues	5,234,057	1,374,170	377	870,866	4,069,294	2,672,859	24,884	14,246,507
EXPENDITURES:								
Current:								
Instruction				646,707				646,707
Instruction-related services:								
Supervision of instruction				129				129
School site administration				115,219				115,219
Pupil services:								
Food services					3,793,515			3,793,515
Other pupil services				3,030				3,030
General administration:								
Other general administration				9,162	189,480			198,642
Plant services		285,807	3,618		3,787	211,985		505,197
Debt service:								
Principal	10,264,453					838,626		11,103,079
Interest and other charges	1,824,547					703,613		2,528,160
Capital outlay			9,308					9,308
Total expenditures	12,089,000	285,807	12,926	774,247	3,986,782	1,754,224		18,902,986
Excess (deficiency) of revenues over expenditures	(6,854,943)	1,088,363	(12,549)	96,619	82,512	918,635	24,884	(4,656,479)
OTHER FINANCING USES:								
Interfund transfers out						(79,944)		(79,944)
Increase (decrease) in fund balances	(6,854,943)	1,088,363	(12,549)	96,619	82,512	838,691	24,884	(4,736,423)
Fund balances - beginning	11,772,897	72,312	88,467	4,919	183,508	1,858,575	5,789,982	19,770,660
Fund balances - ending	$ 4,917,954	$ 1,160,675	$ 75,918	$ 101,538	$ 266,020	$ 2,697,266	$ 5,814,866	$ 15,034,237

PLEASANTON UNIFIED SCHOOL DISTRICT

BALANCE SHEET AND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS YEAR ENDED JUNE 30, 2016

Balance Sheet – Special Reserve Fund for Capital Outlay Projects

	Special Reserve Fund for Capital Outlay Projects - Sub-fund 40	Sycamore Fund - Sub-fund 41	Total
ASSETS:			
Cash and cash equivalents	$ 5,329,862	$ 6,954,279	$ 12,284,141
Accounts receivable	4,382		4,382
Total assets	$ 5,334,244	$ 6,954,279	$ 12,288,523
LIABILITIES:			
Due to other funds	$ 470,831	$ 619,241	$ 1,090,072
Total liabilities	470,831	619,241	1,090,072
FUND BALANCES:			
Committed	4,863,413	6,335,038	11,198,451
Total fund balances	4,863,413	6,335,038	11,198,451
Total liabilities and fund balances	$ 5,334,244	$ 6,954,279	$ 12,288,523

Statement of Revenues, Expenditures, and Changes in Fund Balance – Special Reserve Fund for Capital Outlay Projects

	Special Reserve Fund for Capital Outlay Projects - Sub-fund 40	Sycamore Fund - Sub-fund 41	Total
REVENUE:			
Other local sources	$ 29,112	$ 19,675	$ 48,787
Total revenues	29,112	19,675	48,787
OTHER FINANCING SOURCES (USES):			
Interfund transfers out	(470,831)	(619,241)	(1,090,072)
Interfund transfers in	220,770	141,958	362,728
Total other financing sources (uses)	(250,061)	(477,283)	(727,344)
Decrease in fund balance	(220,949)	(457,608)	(678,557)
Fund balance -beginning	5,084,362	6,792,646	11,877,008
Fund balance - ending	$ 4,863,413	$ 6,335,038	$ 11,198,451

SUPPLEMENTARY INFORMATION

PLEASANTON UNIFIED SCHOOL DISTRICT

ORGANIZATION
YEAR ENDED JUNE 30, 2016

DESCRIPTION OF DISTRICT

Pleasanton Unified School District was established in 1988. The District is a political subdivision of the State of California. The District is located in the city of Pleasanton in Alameda County within 22 square miles. There were no changes in the District boundaries in the current year. The District currently operates nine elementary schools, three middle schools, two comprehensive high schools and one continuation high school.

The Board of Trustees of Pleasanton Unified School District is comprised of five elected officials who develop and set policies for the District which are then implemented by the Superintendent and the administrative team.

BOARD OF TRUSTEES

Name	Office	Term Expires
Jamie Yee Hintzke	President	December 2016
Mark Miller	Vice - President	December 2018
Joan Laursen	Member	December 2018
Chris Grant	Member	December 2016
Valerie Arkin	Member	December 2016

ADMINISTRATION

Jim Hansen.. Interim Superintendent

Micaela Ochoa ....Deputy Superintendent, Business Services

Odie Douglas, Ed.D. ....Assistant Superintendent, Educational Services

Dianne Howell .... Assistant Superintendent, Human Resources

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2016

DISTRICT

	Second Period Report	Annual Report
Elementary:		
Kindergarten through 3	3,850	3,912
Grades 4 through 6	3,452	3,382
Grades 7 and 8	2,376	2,378
Special Ed	14	14
Community Day School		
Extended Year ADA		
Elementary Totals	9,692	9,686
High School:		
Grades 9 through 12	4,672	4,663
Special Ed	13	13
Extended Year ADA		
High School Totals	4,685	4,676
TOTAL ADA	14,377	14,362

See the accompanying notes to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2016

Charter School	Included/Not Included
NONE	

See the accompanying notes to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2016

Grade Level	1986-87 Minutes Requirement	2015-16 Actual Minutes	Number of Instructional Days Offered	Status
DISTRICT				
Kindergarten	36,000	36,000	180	In Compliance
Grades 1	50,400	50,440	180	In Compliance
Grades 2	50,400	50,440	180	In Compliance
Grades 3	50,400	50,560	180	In Compliance
Grades 4	54,000	55,280	180	In Compliance
Grades 5	54,000	55,280	180	In Compliance
Grades 6	54,000	56,111	180	In Compliance
Grades 7	54,000	56,111	180	In Compliance
Grades 8	54,000	56,111	180	In Compliance
Grades 9	64,800	68,407	180	In Compliance
Grades 10	64,800	68,407	180	In Compliance
Grades 11	64,800	68,407	180	In Compliance
Grades 12	64,800	68,407	180	In Compliance

The District participated in Longer Day incentives and is funded at a level for a District that has not met or exceeded its LCFF target funding.

PLEASANTON UNIFIED SCHOOL DISTRICT

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

GENERAL FUND – BUDGETARY BASIS [3]

	June Adopted Budget 2017	2016	2015	2014
Revenues and other financial sources	$ 143,684,494	$ 152,462,162	$ 134,099,246	$ 126,928,864
Expenditures and other financial uses	147,166,541	145,844,785	134,987,227	125,693,895
Change in fund balance	$ (3,482,047)	$ 6,617,377	$ (887,981)	$ 1,234,969
Ending fund balance	$ 19,506,221	$ 22,988,268	$ 16,370,891	$ 17,258,872
Available reserves [1]	$ 10,426,105	$ 12,624,685	$ 7,260,854	$ 8,663,144
Reserved for economic uncertainties	$ 4,414,996	$ 4,386,594	$ 3,925,270	$ 3,770,871
Unassigned fund balance	$ 6,011,109	$ 8,238,091	$ 3,335,584	$ 4,892,273
Available reserves as a percentage of total outgo	7.1%	8.7%	5.4%	6.9%
Total long-term debt [2]	$ 183,300,007	$ 189,504,740	$ 178,301,699	$ 219,711,897
Average daily attendance At P-2	14,387	14,377	14,344	14,442

[1] Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

[2] Beginning for the fiscal year 2014-15, the net pension liability is included in long-term debt due to the implementation of GASB 68. Fiscal year 2013-14 long-term debt was restated to include the net pension liability.

[3] This schedule reflects the General Fund on a budgetary fund basis, which excludes the Special Reserve Fund for Other Than Capital Outlay Projects.

The general fund balance has increased by $5,729,396 over the past two years. The fiscal year 2016-17 budget projects an decrease of $3,482,047. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has generated operating surpluses two of the past three years. The district anticipates an operating deficit in 2016-17. Total long-term debt has decreased by $30,207,157 over the past two years.

Average daily attendance has decreased by 65 over the past two years. An increase of 10 ADA is anticipated during fiscal year 2016-17.

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	PCA Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed-Through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	$ 594,519
USDA Commodities	10.555	N/A	136,983
Subtotal Child Nutrition Cluster			731,502
U.S. Department of Education:			
Passed-Through CDE:			
Special Education Cluster (IDEA):			
IDEA Basic Grant Entitlement	84.027	13379	5,434,350
IDEA Private Schools	84.027	13379	57
IDEA Special Education Preschool Grant	84.173	13430	138,794
IDEA Preschool Local Entitlement	84.027A	13682	313,280
IDEA Preschool Staff Development	84.173A	13431	1,755
IDEA Mental Health	84.027A	14468	602,532
Subtotal Special Education Cluster (IDEA)			6,490,768
IDEA Early Intervention Grants, Part C	84.181	23761	175,862
Title III, LEP Program	84.365	14346	25,206
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	426,141
Title II: Teacher Quality	84.367A	14341	104,233
VOC Programs: Perkins Act	84.048	14894	53,053
School Climate Transformation Program	84.184	N/A	360,166
Total U.S Department of Education			7,635,429
Total Expenditures of Federal Awards			$ 8,366,931

Of the federal expenditures presented above, the District provided federal awards to subrecipients as follows:

	Federal CFDA Number	Amount Provided to Subrecipients
IDEA Basic Grant Entitlement	84.027	$ 3,468,680
IDEA Special Education Preschool Grant	84.173	103,705
IDEA Preschool Local Entitlement	84.027A	228,231
IDEA Mental Health	84.027A	299,288
IDEA Preschool Staff Development	84.173A	1,304
IDEA Early Intervention Grants, Part C	84.181	66,971
Total Amount Provided to Subrecipients		$ 4,168,179

See the accompanying notes to supplementary information.

PLEASANTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2016 Annual Financial and Budget Report Fund Balance	$ 22,988,269	$ 5,536,160
Change in fund type classification per implementation of GASB Statement No. 54	5,536,160	(5,536,160)
June 30, 2016 Audited Financial Statements Fund Balance	$ 28,524,428	$

See the accompanying notes to supplementary information.

1. PURPOSE OF SCHEDULES

A. 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 school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. SCHEDULE OF CHARTER SCHOOLS

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not it is included in the District's financial statements.

C. SCHEDULE OF INSTRUCTIONAL TIME

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

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. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The audit of the District for the year ended June 30, 2016, was conducted in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.

Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.

Indirect Cost Rate – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

F. RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the fund equity of all funds as reported on the unaudited actuals to the audited fund financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Members of the Board of Trustees
Pleasanton Unified School District
Pleasanton, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasanton Unified School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 7, 2016.

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 opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

Purpose of this Report

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

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 7, 2016

Gilbert Associates, Inc.
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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Members of the Board of Trustees
Pleasanton Unified School District
Pleasanton, California

Report on Compliance for Each Major Federal Program

We have audited the Pleasanton Unified School District's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Audit Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 7, 2016

Gilbert Associates, Inc.
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REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH 2015-16 GUIDE FOR ANNUAL AUDITS OF K-12 LOCAL EDUCATION AGENCIES AND STATE COMPLIANCE REPORTING

Independent Auditor's Report

Members of the Board of Trustees
Pleasanton Unified School District
Pleasanton, California

Report on State Compliance

We have audited the Pleasanton Unified School District's (the District) compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's programs identified in the below schedule for the school year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 under the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination on the District's compliance with those requirements.

In connection with the requirements referred to above, we selected and tested transactions and records to determine the District's compliance with the applicable programs identified below:

Compliance Requirements	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	Yes
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	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	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	Not Applicable
CHARTER SCHOOLS	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Non-classroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Non-classroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Opinion on State Compliance

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 the programs identified in the above schedule for the year ended June 30, 2016.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 7, 2016

FINDINGS AND RECOMMENDATIONS SECTION

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______Yes	X No
Significant deficiencies identified?	______Yes	X None Reported
Noncompliance material to financial statements noted?	______Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______Yes	X No
Significant deficiencies identified?	______Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______Yes	X No

Identification of major programs

CFDA Numbers	Name of Federal Programs or Cluster
84.027, 84.173, 84.027A, 84.173A	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	______Yes	X No

State Awards

Internal control over state programs:		
Material weakness(es) identified?	______Yes	X No
Significant deficiencies identified?	______Yes	X None Reported
Any audit findings disclosed that are required to be disclosed in accordance with *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*?	______Yes	X No
Type of auditor's report issued on compliance for state programs:	Unmodified	

PLEASANTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENT

There were no financial statement findings reported.

STATE COMPLIANCE

There were no state compliance findings reported.

FEDERAL COMPLIANCE

There were no federal compliance findings reported.

PLEASANTON UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2016

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Recommendation	Current Status	District Explanation If Not Implemented
2015-1: INTERNAL CONTROLS OVER CAPITAL ASSETS – CDDC #30000 – The District should develop and implement a procedure to reconcile their capital asset listing to the financial statements at least annually and at all times before the audited financial statements are issued.	Implemented	
2015-2: INVENTORY OF CAPITAL ASSETS – CDDC #20000 and #30000 – The District should develop and implement a written policy and procedures for performing a periodic inventory of their capital assets.	Implemented	
2015-3: ACCOUNTS PAYABLE CUT-OFF – CDDC #30000 – The District staff and management should closely scrutinize invoices during the closing process to ensure that expenditures are recorded in the proper period.	Implemented	
2015-4: INSTRUCTIONAL MATERIALS – CDDC #70000 – The District should implement procedures to ensure that the public meeting is held within eight weeks of the beginning of the school year, and that the public notice be posted for the adequate number of days prior to the meeting.	Implemented	
2015-5: SPECIAL EDUCATION CLUSTER: SUBRECIPIENT MONITORING – CDDC #50000 and #30000 – The District implement procedures to ensure that subrecipient audits reports are completed timely, audit findings related to subrecipients are identified and if applicable, management decisions are issued for subrecipient findings and appropriate corrective action is taken within the designated timeframe.	Implemented	