WILLIAMS UNIFIED SCHOOL DISTRICT

COUNTY OF COLUSA
WILLIAMS, CALIFORNIA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

WILLIAMS UNIFIED SCHOOL DISTRICT

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WILLIAMS UNIFIED SCHOOL DISTRICT

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Williams Unified School District
Williams, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, each major fund, and the aggregate remaining fund information of the Williams Unified School District (the "District"), as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 8, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Williams Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the Independent Auditor's Report and the District's financial statements, which immediately follows this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 10 and 11, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 12 through 15, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

The District's net position decreased by 13.2% from 2015-16 to 2016-17. This was brought about primarily by the increase in the net pension liability.

- Capital assets increased by $985,708, due primarily to site improvements and work in progress at the elementary school.

- Total long-term liabilities increased $2,339,912, or 13.78%, primarily due to the increase in the net pension liability.

- The District's P-2 ADA increased from 1,263 ADA at June 30, 2016 to 1,277 ADA at June 30, 2017, an increase of 14 ADA. In addition, the district, under LCFF rules, now claims County Program ADA. The amount claimed for 2016-17 was 7.24 ADA.

- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2016-17, total General Fund expenditures and other financing uses totaled $15,028,688. At June 30, 2017, the District has a reserve for economic uncertainty of $450,000 in the Unrestricted General Fund, which represents a reserve of 3.0%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. 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, district-wide and funds.

District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.

- Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
- Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements.
- Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the District-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities 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's financial health or position can be measured by the difference between the District's assets and liabilities.

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 the 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 Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

Governmental Activities:

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal contracts and grants, and local revenues.

Business-type Activities:

The District does not provide any services that should be included in this category.

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

Governmental Funds

The major governmental funds of the Williams Unified School District are the General Fund and County School Facilities Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the information helps to determine the level of financial resource balances that remain at the end of the year. A modified accrual basis of accounting measures for cash and all other financial assets that can readily be converted to cash are being presented. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business- type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District does not have funds of this type.

Fiduciary Funds

The District is the trustee, or fiduciary, for its student activity funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Condensed Statement of Net Position

	June 30, 2016	June 30, 2017	Change	Percentage Change
Assets				
Current assets	$ 8,954,589	$ 8,227,051	$ (727,538)	-8.1%
Capital assets	9,946,535	10,932,243	985,708	9.9%
Total assets	18,901,124	19,159,294	258,170	1.4%
Deferred Outflows of Resources	1,687,674	3,314,447	1,626,773	96.4%
Current liabilities	1,320,622	1,708,475	387,853	29.4%
Long-term liabilities	16,318,103	18,670,239	2,352,136	14.4%
Total liabilities	17,638,725	20,378,714	2,739,989	15.5%
Deferred Inflows of Resources	1,001,016	402,383	(598,633)	-59.8%
Net Position				
Invested in capital assets	2,448,431	3,985,025	1,536,594	62.8%
Restricted	3,903,613	2,630,670	(1,272,943)	-32.6%
Unrestricted	(4,402,987)	(4,923,051)	(520,064)	11.8%
Total net position	$ 1,949,057	$ 1,692,644	$ (256,413)	-13.2%

Condensed Statement of Activities for the Fiscal Years Ended June 30

	2016	2017	Change	Percentage Change
Revenues				
Charges for services	$ 124,457	$ 203,712	$ 79,255	63.7%
Operating grants and contributions	1,792,399	2,310,620	518,221	28.9%
Taxes levied for general purposes	3,023,025	3,261,224	238,199	7.9%
Federal and state aid not restricted for specific purposes	10,248,417	10,254,945	6,528	0.1%
Interest and investment earnings	61,520	38,393	(23,127)	-37.6%
Miscellaneous	410,197	348,120	(62,077)	100.0%
Special and extraordinary items	-	-	-	100.0%
Total revenues	15,660,015	16,417,014	756,999	4.8%
Expenses				
Instruction	7,350,860	9,293,931	1,943,071	26.4%
Instruction related services	1,376,443	1,449,578	73,135	5.3%
Pupil services	1,506,855	1,395,055	(111,800)	-7.4%
General administration	957,444	1,354,826	397,382	41.5%
Plant services	1,358,689	1,407,412	48,723	3.6%
Ancillary services	94,383	127,372	32,989	35.0%
Interest on long-term debt	118,418	163,526	45,108	38.1%
Other outgo	830,136	752,408	(77,728)	-9.4%
Depreciation (unallocated)	472,813	729,319	256,506	54.3%
Total expenses	14,066,041	16,673,427	2,607,386	18.5%
Change in net position	$ 1,593,974	$ (256,413)	$ (1,850,387)	-116.1%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the school year, the governmental funds reported a combined fund balance of $7,202,748.

General Fund Budgetary Highlights

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets increased $985,708 due primarily to site improvements and work in progress at the elementary school.

Long-Term Liabilities

Total long-term liabilities increased $2,339,912, or 13.78%, primarily due to the increase in the net pension liability.

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

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. Enrollment is expected to increase in fiscal year 2017-18.

The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

BASIC FINANCIAL STATEMENTS

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 7,641,916
Receivables	572,500
Stores inventory	12,635
Capital assets, net of accumulated depreciation	10,932,243
Total Assets	19,159,294
DEFERRED OUTFLOWS OF RESOURCES	
Discount on Certificate of Participation	50,004
Deferred outflows on pensions (note 6)	3,264,443
Total deferred outflows	3,314,447
LIABILITIES	
Accounts payable and other current liabilities	905,062
Unearned revenue	150,904
Long-term liabilities:	
Due within one year	652,509
Due in more than one year	18,670,239
Total Liabilities	20,378,714
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pensions (note 6)	402,383
NET POSITION	
Net investment in capital assets	3,985,025
Restricted	2,630,670
Unrestricted	(4,923,051)
Total Net Position	$ 1,692,644

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

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	$ 9,293,931	$ 164,230	$ 1,175,417	$ -	$ (7,954,284)
Instruction-related services:					
Instructional supervision and administration	41,434	1,381	39,154	-	(899)
Instructional library, media and technology	356,061	-	-	-	(356,061)
School site administration	1,052,083	-	34,608	-	(1,017,475)
Pupil Services:					
Home-to-school transportation	164,008	-	-	-	(164,008)
Food services	1,014,084	34,148	839,158	-	(140,778)
All other pupil services	216,963	2,094	6,624	-	(208,245)
General administration:					
All other general administration	1,354,826	1,686	89,566	-	(1,263,574)
Plant services	1,407,412	173	3,774	-	(1,403,465)
Ancillary services	127,372	-	3,794		(123,578)
Interest on long-term debt	163,526	-	-	-	(163,526)
Other outgo	752,408	-	118,525	-	(633,883)
Depreciation (unallocated)	729,319	-	-	-	(729,319)
Total governmental activities	$ 16,673,427	$ 203,712	$ 2,310,620	$ -	(14,159,095)

General Revenues	
Taxes and subventions:	
Taxes levied for general purposes	3,261,224
Federal and state aid not restricted to specific purposes	10,254,945
Interest and investment earnings	38,393
Miscellaneous	348,120
Total General Revenues	13,902,682
Change in Net Position	(256,413)
Net Position - beginning	1,949,057
Net Position, June 30, 2017	$ 1,692,644

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

WILLIAMS UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	$ 5,033,090	$ 2,279,144	$ 329,682	$ 7,641,916
Accounts receivable	465,001	-	107,499	572,500
Due from other funds	-	3,437	-	3,437
Stores inventory	-	-	12,635	12,635
Total Assets	$ 5,498,091	$ 2,282,581	$ 449,816	$ 8,230,488
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 401,050	$ 470,716	$ 1,633	$ 873,399
Due to other funds	3,437	-	-	3,437
Unearned revenue	150,904	-	-	150,904
Total Liabilities	555,391	470,716	1,633	1,027,740
Fund balances				
Nonspendable	6,050	-	12,685	18,735
Restricted	540,310	1,811,865	278,495	2,630,670
Assigned	3,946,340	-	157,003	4,103,343
Unassigned	450,000	-	-	450,000
Total Fund Balances	4,942,700	1,811,865	448,183	7,202,748
Total liabilities and fund balances	$ 5,498,091	$ 2,282,581	$ 449,816	$ 8,230,488

WILLIAMS UNIFIED SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

JUNE 30, 2017

Total fund balances - governmental funds		$ 7,202,748
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 18,794,999	
Accumulated depreciation	(7,862,756)	
Net		10,932,243
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.		(31,663)
Unamortized premiums and discounts: In governmental funds, bond premiums are recognized as revenues in the period they are received while bond discounts are recognized as expenditures in the period they are incurred. In the government-wide statements, premiums and discounts are amortized over the life of the debt. Unamortized premiums and discounts at year-end consist of:		
Unamortized portion of COP discounts		50,004
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Net pension liabilities	$ 12,145,407	
Other post-employment benefits	195,228	
Capital lease payable	3,562,218	
Certificate of participation	3,385,000	
Compensated absences payable	34,895	
		(19,322,748)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are		
Deferred outflows of resources relating to pensions		3,264,443
Deferred inflows of resources relating to pensions		(402,383)
Total net position - governmental activities		$ 1,692,644

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

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	County School Facilities Fund	All Non-Major Funds	Totals
REVENUES				
LCFF sources	$ 13,001,259	$ -	$ -	$ 13,001,259
Federal revenue	420,477	-	823,775	1,244,252
Other state revenues	1,488,496	-	59,906	1,548,402
Other local revenues	460,673	8,520	162,425	631,618
Total revenues	15,370,905	8,520	1,046,106	16,425,531
EXPENDITURES				
Certificated salaries	6,128,838	-	-	6,128,838
Classified salaries	1,962,503	-	332,050	2,294,553
Employee benefits	2,768,327	-	113,416	2,881,743
Books and supplies	812,355	-	520,719	1,333,074
Services and other operating expenditures	1,706,438	-	23,695	1,730,133
Capital outlay	314,934	1,400,093	-	1,715,027
Other outgo	752,408	-	-	752,408
Debt service expenditures				
Principal	324,676	-	226,210	550,886
Interest	139,385	-	24,981	164,366
Total expenditures	14,909,864	1,400,093	1,241,071	17,551,028
Excess (deficiency) of revenues over expenditures	461,041	(1,391,573)	(194,965)	(1,125,497)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	48,621	3,438	115,386	167,445
Operating transfers out	(118,824)	-	(48,621)	(167,445)
Total other financing sources (uses)	(70,203)	3,438	66,765	-
Net change in fund balances	390,838	(1,388,135)	(128,200)	(1,125,497)
Fund balances, July 1, 2016	4,551,862	3,200,000	576,383	8,328,245
Fund balances, June 30, 2017	$ 4,942,700	$ 1,811,865	$ 448,183	$ 7,202,748

WILLIAMS UNIFIED SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds		$ (1,125,497)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	$ 1,715,027	
Depreciation expense	(729,319)	985,708
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		550,886
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		(2,118)
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(35,722)
Pensions: In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(638,231)
Compensated absences in governmental funds are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		10,659
Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt.		(2,098)
Total change in net position - governmental activities		$ (256,413)

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

Student Body Funds

Assets:		
Cash on hand and in banks	$	118,303
Liabilities:		
Due to student groups		118,303
Net Position	$	-

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. HISTORY OF THE ORGANIZATION

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

B. REPORTING ENTITY

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

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

C. ACCOUNTING POLICIES

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

D. BASIS OF PRESENTATION

Government-Wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

D. BASIS OF PRESENTATION (CONTINUED)

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

Fund Financial Statements

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

F. FUND ACCOUNTING

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

Governmental Funds

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

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

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

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

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

F. FUND ACCOUNTING (CONTINUED)

The **County Schools Facilities Fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District is using this fund to account for the 2016 Certificates of Participation activity.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The District maintains the following agency fund:

Student Body Fund is used to account for assets held by the District on behalf of student groups.

G. BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

H. ENCUMBRANCES

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

I. DEPOSITS AND INVESTMENTS

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

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer

I. DEPOSITS AND INVESTMENTS (CONTINUED)

(Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

J. INVENTORY

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

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

K. CAPITAL ASSETS

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

L. UNEARNED REVENUE

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

M. COMPENSATED ABSENCES

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

N. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

O. RESTRICTED NET POSITION

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

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

P. FUND BALANCE

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

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

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

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

P. FUND BALANCE (CONTINUED)

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

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

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

Q. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX

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

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

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

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

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

R. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

S. USE OF ESTIMATES

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

T. PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Williams Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017 consist of the following:

	Governmental Activities	Fiduciary Activities
Cash in County Treasury	$ 4,427,296	$ -
Cash on hand and in banks	-	118,303
Cash in revolving fund	6,100	-
Cash with fiscal agent	3,208,520	-
	$ 7,641,916	$ 118,303

A. CASH ON HAND AND IN BANKS

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation.

B. CASH IN REVOLVING FUNDS

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

C. CASH WITH FISCAL AGENT

Cash with Fiscal Agent represents funds held by third parties restricted for the repayment of the capital lease.

D. CASH IN COUNTY TREASURY

County pool investments consist of District cash held by the Colusa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 371 days. The pool is rated AAA by Standard and Poor’s.

Interest Rate Risk. California Government Code Section 53601 limits the District’s investments to maturities of five years. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments’ fair value measurements at June 30, 2017 are as shown below:

Description	Level 1	Level 2	Level 3	Total
US Agency, Treasury & Municipal Notes (USATM):				
US Treasury Notes:	$ 860,277	$ -	$ -	$ 860,277
LAIF	2,104,541	1,462,478	-	3,567,019
Total	2,964,818	1,462,478	-	4,427,296

3. INTERFUND TRANSACTIONS

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

	Interfund Receivables	Interfund Payables
Major Fund		
General Fund	$ -	$ 3,437
Nonmajor Funds		
County School Facilities Fund	3,437	-
Total	$ 3,437	$ 3,437

Interfund Transfers

As of June 30, 2017, the interfund transfers were as follows:

Transfer from General Fund to Cafeteria Fund for direct support.	$ 115,386
Transfer from Cafeteria Fund to General Fund for indirect costs.	48,621
Transfer from General Fund to County School Facilities Fund for interest.	3,438
Total Transfers	$ 167,445

4. CAPITAL ASSETS

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

	Balance July 1, 2016	Additions and Adjustments	Deductions and Adjustments	Balance June 30, 2017
Non-depreciable assets:				
Land	$ 68,237	$ -	$ -	$ 68,237
Work in progress	-	1,564,105	484,985	1,079,120
	68,237	1,564,105	484,985	1,147,357
Depreciable assets:				
Sites and improvements	4,471,753	484,985	-	4,956,738
Building and improvements	11,034,541	-	-	11,034,541
Furniture and equipment	1,505,441	150,922	-	1,656,363
	17,011,735	635,907	-	17,647,642
Totals, at cost	17,079,972	2,200,012	484,985	18,794,999
Accumulated depreciation:				
Sites and improvements	(887,308)	(375,699)	-	(1,263,007)
Building and improvements	(5,344,344)	(240,323)	-	(5,584,667)
Furniture and equipment	(901,785)	(113,297)	-	(1,015,082)
	(7,133,437)	(729,319)	-	(7,862,756)
Depreciable assets, net	9,878,298	(93,412)	-	9,784,886
Capital assets, net	$ 9,946,535	$ 1,470,693	$ 484,985	$ 10,932,243

The entire amount of depreciation expense was unallocated.

5. LONG TERM LIABILITIES

A. SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Capital Lease	$ 4,008,104	$ -	$ 445,886	$ 3,562,218	$ 457,813
Certificate of Participation	3,490,000	-	105,000	3,385,000	105,000
Other Postemployment benefits	159,506	111,853	76,131	195,228	54,801
Net Pension Liability	9,279,672	2,865,735	-	12,145,407	-
Compensated Absences	45,554	-	10,659	34,895	34,895
	$ 16,982,836	$ 2,977,588	$ 637,676	$ 19,322,748	$ 652,509

The General Fund and Capital Facilities Fund make payments for the capital leases. The accrued vacation (compensated absences) and other postemployment benefits will be paid by the fund for which the employee works.

B. QZAB PROGRAM

On January 29, 2014, the District entered a QZAB Lease program for the amount of $2,885,000. The QZAB program consists generally of solar installation and lighting, retrofits to install energy efficient lighting and building repair and rehabilitation, along with electrical distribution upgrades at Williams Junior Senior High School, Williams Upper Elementary School, and Williams Elementary School, and is known as the Williams Unified School District Zone Academies, as more particularly described in the District's application to the California Department of Education, School Facilities Planning Division.

The equipment and improvements are financed by the lease, including (without limitation) installation of solar array energy system, photovoltaic equipment and related property, including (without limitation) photovoltaic modules, inverters, transformers, switches and interconnection equipment, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions located on the Leased Property.

The lease details are included under the following capital lease schedules.

C. CAPITAL LEASES

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2016	Additions	Redeemed Current Year	Outstanding June 30, 2017
260 11th Street	4/1/2012	3.50%	10/29/2019	$ 1,725,109	$ 824,699	$ -	$ 226,211	$ 598,488
Prop 39 Lease	7/1/2014	2.95%	2/11/2020	461,828	330,308	-	90,944	239,364
QZAB Lease	1/29/2014	1.40%-5.34%	1/29/2032	2,885,000	2,853,097	-	128,731	2,724,366
				$ 5,071,937	$ 4,008,104	-	$ 445,886	$ 3,562,218

The leases have minimum payments as follows:

Year Ended June 30,	Principal	Interest	Total
2018	$ 457,813	$ 61,402	$ 519,215
2019	470,088	49,128	519,216
2020	307,114	36,493	343,607
2021	136,132	31,868	168,000
2022	144,048	29,952	174,000
2023-2027	908,332	114,668	1,023,000
2028-2032	1,138,691	41,935	1,180,626
Totals	$ 3,562,218	$ 365,446	$ 3,927,664

D. CERTIFICATES OF PARTICIPATION

In 2016, the District issued Certificates of Participation in the aggregate principal amount of $3,490,000 for the purpose of financing the acquisition, construction, installation, improvement and equipping of various District facilities, the Certificates, purchase a reserve fund municipal bond insurance policy in lieu of cash funding a bond reserve fund for the Certificates, and pay costs of delivery of the Certificates. The 2016 Certificates of Participation mature through May 2041, and have interest rates ranging from 2.0% to 3.125%.

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2016	Additions	Redeemed Current Year	Outstanding June 30, 2017
2016 COP	4/14/2016	2.00% - 3.125%	5/1/2041	$ 3,490,000	$ 3,490,000	$ -	$ 105,000	$ 3,385,000
				$ 3,490,000	$ 3,490,000	-	$ 105,000	$ 3,385,000

D. CERTIFICATES OF PARTICIPATION (continued)

The following is a schedule of the future payments for the 2016 Certificates of Participation as of June 30, 2017.

Year Ended June 30,	Principal	Interest	Total
2018	$ 105,000	$ 87,938	$ 192,938
2019	110,000	85,838	195,838
2020	110,000	83,638	193,638
2021	115,000	81,438	196,438
2022	115,000	79,138	194,138
2023-2027	620,000	359,890	979,890
2028-2032	685,000	287,325	972,325
2033-2037	795,000	185,720	980,720
2038-2042	730,000	57,588	787,588
Totals	$ 3,385,000	$ 1,308,513	$ 4,693,513

Payments of Certificates of Participation are made from the General Fund.

E. POSTEMPLOYEEMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATIONS

i. Plan Description

Following is a description of the current retiree benefit plan: Non-represented employees are entitled to benefits based on the appropriate employee classification below.

	Certificated	**Classified**
Benefit types provided	Medical only	Medical, dental and vision
Duration of Benefits	To age 65	To age 65
Required Service	15 years	15 years
Minimum Age	55	60*
Dependent Coverage	No	No
District Contribution %	100%	100%
District Cap	$711 per month	$714 per month

*Classified management and confidential are eligible for District-paid benefits at age 55

ii. Funding Policy

Currently, there is no funding policy.

iii. Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution (ARC)	$	112,754
Interest on Net OPEB Obligation		7,178
Adjustment to annual required contribution		(8,079)
Annual OPEB cost		111,853
Contributions made		(76,131)
Change in Net OPEB obligation		35,722
Net OPEB obligation - beginning of year		159,506
Net OPEB obligation - end of year	$	195,228

E. POSTEMPLOYEMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATIONS (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
June 30, 2015	$ 121,037	$ 65,460	54%	$ 142,172
June 30, 2016	$ 111,952	$ 94,618	85%	$ 159,506
June 30, 2017	$ 111,853	$ 76,131	68%	$ 195,228

iv. Funding Status and Funding Progress

As of November 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $920,317, all of which was unfunded.

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

v. Actuarial Methods and Assumptions

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

In the November 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), based on assumed long-term return on employer assets. Healthcare cost trend rates were estimated to increase at a rate of 4% per year. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2014 was 24 years.

6. EMPLOYEE RETIREMENT SYSTEMS

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

California Public Employees' Retirement System (CalPERS)

Plan Description

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

State Teachers' Retirement System (STRS)

Plan Description

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

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

	CalPERS		CalSTRS	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	60	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	6%	10.25%	9.21%
Required employer contribution rates	13.888%	13.888%	12.58%	12.58%

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Williams Unified School District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

STRS

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

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

	CalPERS	STRS	Total
Contributions - employer	$ 299,662	$ 723,721	$ 1,023,383
On behalf contributions - state	-	451,260	451,260
Total	$ 299,662	$ 1,174,981	$ 1,474,643

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

As of June 30, 2017, Williams Unified School District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	Proportionate Share of Net Pension Liability
CalPERS	$ 3,502,388
STRS	8,643,019
Total Net Pension Liability	$ 12,145,407

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

	CalPERS	STRS
Proportion - June 30, 2015	0.01719%	0.01002%
Proportion - June 30, 2016	0.01773%	0.01069%
Change - Increase (Decrease)	0.00055%	0.00067%

For the year ended June 30, 2017, the District recognized pension expense of $460,509 and $177,722 for CalPERS and STRS, respectively. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS		STRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 299,662	$ -	$ 1,174,981	$ -	$ 1,474,643	$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2015-16.	55,329	-	246,702	-	302,030	-
Changes of Assumptions	-	154,525	-	-	-	154,525
Differences between Expected and Actual Experience	183,021	-	-	247,858	183,021	247,858
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	200,095	-	365,662	-	565,757	-
Net differences between projected and actual investment earnings on pension plan investments	382,725	-	356,267	-	738,992	-
Total	$ 1,120,832	$ 154,525	$ 2,143,611	$ 247,858	$ 3,264,443	$ 402,383

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/(Inflows) of Resources
2018	$ 149,035	$ 123,326	$ 272,361
2019	149,035	123,326	272,361
2020	149,035	123,326	272,361
2021	142,994	123,326	266,320
2022	76,545	123,326	199,871
Thereafter	-	104,144	104,144
Total	$ 666,645	$ 720,772	$ 1,387,417

Actuarial Assumptions

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

	CalPERS	STRS
Valuation Date	June 30, 2014	June 30, 2015
Measurement Date	June 30, 2015	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.65%	7.60%
Inflation	2.75%	3.00%
Payroll Growth Rate	3.00%	3.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%	7.60%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

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

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

CalPERS

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

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

Discount Rate

CalPERS

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

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

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

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

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

STRS

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

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

	STRS	
Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of
Global Equity	47.0%	4.50%
Private Equity	13.0%	6.20%
Real Estate	13.0%	4.35%
Fixed Income	12.0%	0.20%
Absolute Return/Risk Mitigating Strategies	9.0%	3.20%
Inflation Sensitive	4.0%	3.20%
Cash/Liquidity	2.0%	0.00%
Total	100%	

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

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

	CalPERS		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability	$ 5,225,583	$ 3,502,388	$ 2,067,490

	STRS		
	Discount Rate - 1% (6.60%)	Current Discount Rate (7.60%)	Discount Rate + 1% (8.60%)
Plan's Net Pension Liability	$ 12,439,254	$ 8,643,019	$ 5,490,088

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2017, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

7. FUND BALANCES

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

	General Fund	County Schools Facilities Fund	Non-Major Funds	Total
Nonspendable:				
Inventory	$ -	$ -	$ 12,635	$ 12,635
Revolving Cash	6,050	-	50	6,100
Total Nonspendable	6,050	-	12,685	18,735
Restricted:				
Lottery: Instructional Materials	165,627	-	-	165,627
College Readiness Block Grant	47,109	-	-	47,109
Other Restricted Local	36,059	-	-	36,059
California Clean Energy Jobs Act	189,488	-	-	189,488
Capital Facilities	-	1,811,865	-	1,811,865
Child Nutrition: School Programs	-	-	276,132	276,132
Child Nutrition: Child Care Food Program (CCFP)	-	-	2,363	2,363
Educator Effectiveness	102,027	-	-	102,027
Total Restricted	540,310	1,811,865	278,495	2,630,670
Assigned:				
Affordable Care Act	50,000	-	-	50,000
Weight Room Equipment	350,000	-	-	350,000
Construction Contingency	500,000			500,000
Deferred Maintenance Fund	201,204	-	-	201,204
Capital Facilities Fund	-	-	157,003	157,003
Board Reserve Policy to Build Reserves	2,118,275	-	-	2,118,275
Education Protection Account	129,505	-	-	129,505
Lottery	222,912	-	-	222,912
Special Reserve Fund for Postemployment Benefits	374,444	-	-	374,444
Total Assigned	3,946,340	-	157,003	4,103,343
Unassigned:				
Reserve for Economic Uncertainties	450,000	-	-	450,000
Total Unassigned	450,000	-	-	450,000
Total Fund Balances	$ 4,942,700	$ 1,811,865	$ 448,183	$ 7,202,748

8. JOINT VENTURES

The District participates in three joint ventures under joint powers agreements (JPAs); the Tri-Counties Self Insurance Group (Tri-Counties SIG), the North Valley Schools Insurance Group (NVSIG) and the Schools Excess Liability Fund (SELF) for property, liability, workers' compensation, health benefits and excess liability coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provide coverage for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs.

The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPAs management.

Condensed financial information for the JPAs for the most recent fiscal year are available as follows:

	Tri-Counties SIG June 30, 2016*	NVSIG June 30, 2017	SELF June 30, 2016*
Total Assets	$ 16,130,783	$ 3,274,714	$ 138,820,266
Deferred Outflows of Resources	60,734	-	266,414
Total Liabilities	10,190,026	1,708,375	117,306,926
Deferred Inflows of Resources	50,321	-	245,133
Net Position	5,951,170	1,566,339	21,534,621
Revenues	$ 52,514,634	$ 13,093,602	$ 13,898,598
Expenditures	49,578,708	13,136,777	24,553,606
Change in Net Position	$ 2,935,926	$ (43,175)	$ (10,655,008)

* Latest available audited financial reports.

9. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Excess of expenditures over appropriations for the year ended June 30, 2017 were as follows:

	Excess Expenditures
General Fund	
Classified Salaries	$ 29,303
Capital Outlay	4,162

The excess is not in accordance with Education Code 42600.

10. COMMITMENTS AND CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The District's management evaluated its June 30, 2017 financial statements for subsequent events through November 8, 2017, the date the financial statements were available to be issued. Management is not aware of any subsequent events, other than the one discussed below, that would require recognition or disclosure in the financial statements.

In August 2017, the District issued $4 million in General Obligation Bonds. Principal and interest payments begin in August 2018 and mature in August 2047. Interest rates on the bonds range from 2.00% to 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

WILLIAMS UNIFIED SCHOOL DISTRICT

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
LCFF sources:	$ 12,790,816	$ 12,952,412	$ 13,001,259	$ 48,847
Federal revenue	212,345	523,734	420,477	(103,257)
Other state revenues	1,279,258	1,581,229	1,488,496	(92,733)
Other local revenues	131,310	330,353	460,673	130,320
Total revenues	14,413,729	15,387,728	15,370,905	(16,823)
EXPENDITURES				
Certificated salaries	6,152,207	6,170,071	6,128,838	41,233
Classified salaries	1,871,876	1,933,200	1,962,503	(29,303)
Employee benefits	2,833,016	2,946,940	2,768,327	178,613
Books and supplies	541,082	979,469	812,355	167,114
Services and other operating expenditures	1,155,381	1,756,518	1,706,438	50,080
Capital outlay	180,000	310,773	314,935	(4,162)
Other outgo	695,057	737,046	752,407	(15,361)
Debt service expenditures	464,062	464,512	464,061	451
Total expenditures	13,892,681	15,298,529	14,909,864	388,665
Excess (deficiency) of revenues over expenditures	521,048	89,199	461,041	371,842
OTHER FINANCING SOURCES (USES)				
Operating transfers in	50,000	46,469	48,621	2,152
Operating transfers out	(160,000)	(178,469)	(118,824)	59,645
Total other financing sources (uses)	(110,000)	(132,000)	(70,203)	61,797
Net change in fund balance	411,048	(42,801)	390,838	433,639
Fund balance, July 1, 2016	4,551,862	4,551,862	4,551,862	-
Fund balance, June 30, 2017	$ 4,962,910	$ 4,509,061	$ 4,942,700	$ 433,639

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN

JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially 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]
September 1, 2008	$ -	$ 884,208	$ 884,208	0%	$ 6,167,423	14%
November 1, 2011	$ -	$ 919,762	$ 919,762	0%	$ 6,037,814	15%
November 1, 2014	$ -	$ 920,317	$ 920,317	0%	$ 6,811,593	14%

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CalPERS

	June 30, 2014	June 30, 2015	June 30, 2016 [1]
Proportion of the net pension liability	0.01468%	0.01719%	0.01773%
Proportionate share of the net pension liability	$ 1,666,423	$ 2,533,116	$ 3,502,388
Covered-employee payroll (2)	$ 1,541,063	$ 1,890,360	$ 1,814,840
Proportionate Share of the net pension liability as percentage of covered-employee payroll	108.13%	134.00%	192.99%
Plans fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%
Proportionate share of aggregate employer contributions (3)	$ 176,313	$ 223,951	$ 252,045

STRS

	June 30, 2014	June 30, 2015	June 30, 2016 [1]
Proportion of the net pension liability	0.01066%	0.01002%	0.01069%
Proportionate share of the net pension liability	$ 6,228,709	$ 6,746,556	$ 8,643,019
Covered-employee payroll (2)	$ 4,747,479	$ 3,849,292	$ 4,542,464
Proportionate Share of the net pension liability as percentage of covered-employee payroll	131.20%	175.27%	190.27%
Plans fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%
Proportionate share of aggregate employer contributions (3)	$ 391,667	$ 413,029	$ 571,442

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

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

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

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CalPERS	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16 (1)
Actuarially Determined Contribution (2)	$ 176,313	$ 223,951	$ 252,045
Contributions in relation to the actuarially determined contributions	(201,593)	(252,463)	(299,662)
Contribution deficiencey (excess)	$ (25,280)	$ (28,512)	$ (47,617)
Covered-employee payroll (3)	$ 1,541,063	$ 1,890,360	$ 1,814,840
Contributions as a percentage of covered-employee payroll (3)	11.441%	11.847%	13.888%

STRS	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16 (1)
Actuarially Determined Contribution (2)	$ 391,667	$ 413,029	$ 571,442
Contributions in relation to the actuarially determined contributions	(391,560)	(575,762)	(723,721)
Contribution deficiencey (excess)	$ 107	$ (162,733)	$ (152,279)
Covered-employee payroll (3)	$ 4,747,479	$ 3,849,292	$ 4,542,464
Contributions as a percentage of covered-employee payroll (3)	8.250%	10.730%	12.580%

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

(2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(3) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

1. PURPOSE OF SCHEDULES

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

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

B - Schedule of Proportionate Share of the Net Pension Liability

Changes in assumptions

There were no changes in assumptions.

Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

C - Schedule of Pension Contributions

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

	CalPERS	STRS
Valuation Date	June 30, 2014	June 30, 2015
Measurement Date	June 30, 2015	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.65%	7.60%
Inflation	2.75%	3.00%
Payroll Growth Rate	3.00%	3.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%	7.60%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

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

SUPPLEMENTARY INFORMATION

WILLIAMS UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

	Cafeteria Fund	Capital Facilities Fund	Totals
ASSETS			
Cash and cash equivalents	$ 172,679	$ 157,003	$ 329,682
Accounts receivable	107,499	-	107,499
Stores inventory	12,635	-	12,635
Total Assets	$ 292,813	$ 157,003	$ 449,816
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 1,633	$ -	$ 1,633
Total Liabilities	1,633	-	1,633
Fund balances			
Nonspendable	12,685	-	12,685
Restricted	278,495	-	278,495
Assigned	-	157,003	157,003
Total Fund Balances	291,180	157,003	448,183
Total Liabilities and Fund Balances	$ 292,813	$ 157,003	$ 449,816

WILLIAMS UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Cafeteria Fund	Capital Facilities Fund	Totals
REVENUES			
Federal revenue	$ 823,775	$ -	$ 823,775
Other state revenues	59,906	-	59,906
Other local revenues	36,662	125,763	162,425
Total revenues	920,343	125,763	1,046,106
EXPENDITURES			
Classified salaries	332,050	-	332,050
Employee benefits	113,416	-	113,416
Books and supplies	520,719	-	520,719
Services and other operating expenditures	23,695	-	23,695
Debt service expenditures			
Principal	-	226,210	226,210
Interest	-	24,981	24,981
Total expenditures	989,880	251,191	1,241,071
Excess (deficiency) of revenues over expenditures	(69,537)	(125,428)	(194,965)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	115,386	-	115,386
Operating transfers out	(48,621)	-	(48,621)
Total other financing sources (uses)	66,765	-	66,765
Net change in fund balances	(2,772)	(125,428)	(128,200)
Fund balances, July 1, 2016	293,952	282,431	576,383
Fund balances, June 30, 2017	$ 291,180	$ 157,003	$ 448,183

WILLIAMS UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Student Body Funds				
Assets:				
Cash on hand and in banks				
Williams High School	$ 103,392	$ 182,965	$ 195,164	$ 91,193
Williams Middle School	21,249	52,993	47,132	27,110
Total Assets	$ 124,641	$ 235,958	$ 242,296	$ 118,303
Liabilities:				
Due to student groups	$ 124,641	$ 235,958	$ 242,296	$ 118,303
Total Liabilities	$ 124,641	$ 235,958	$ 242,296	$ 118,303

WILLIAMS UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2017

The Williams Unified School District (the "District") is located in Williams, California. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school, one upper elementary school, one junior high school, one high school and a continuation high school.

GOVERNING BOARD

Name	Office	Term Expires November
Silvia Vaca	President	2018
George W. Simmons	Vice President	2020
Kelly Lewis	Member	2018
Yareli Mora	Member	2020
Rosa Orozco-Lopez	Member	2020

ADMINISTRATION

Dr. Edgar R. Lampkin
Superintendent

Frank Jerome
Director of Fiscal Services and Accountability

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Second Period Report	Revised Second Period Report *	Annual Report	Revised Annual Report *
Elementary				
TK through Third	434.34	434.56	437.09	437.13
Fourth through Sixth	313.45	313.45	313.24	313.24
Seventh through Eighth	173.81	174.05	173.01	173.01
Special Education	0.12	0.12	0.11	0.11
	921.72	922.18	923.45	923.49
Secondary				
Nine through Twelve	336.85	337.15	336.70	336.69
Continuation Education	17.42	17.42	16.73	16.73
	354.27	354.57	353.43	353.42
Total ADA	1,275.99	1,276.75	1,276.88	1,276.91

* The revisions to the Annual Period of Attendance report were not the result of the audit.

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF INTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Grade Level	Standard Minutes Requirement	2016-17 Actual Minutes	Instructional Days	Status
Kindergarten	36,000	37,670	180	In compliance
Grade 1	50,400	53,475	180	In compliance
Grade 2	50,400	53,475	180	In compliance
Grade 3	50,400	53,475	180	In compliance
Grade 4	54,000	56,885	180	In compliance
Grade 5	54,000	56,885	180	In compliance
Grade 6	54,000	56,885	180	In compliance
Grade 7	54,000	65,160	180	In compliance
Grade 8	54,000	65,160	180	In compliance
Grade 9	64,800	65,160	180	In compliance
Grade 10	64,800	65,160	180	In compliance
Grade 11	64,800	65,160	180	In compliance
Grade 12	64,800	65,160	180	In compliance

See the accompanying notes to supplementary information.

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR FISCAL YEAR ENDED JUNE 30, 2017

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report

There are currently no charter schools in the District.

See the accompanying notes to supplementary information.

RECONCILIATION OF UNAUDITED FINANCIAL REPORT TO AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number		Federal Expenditures
U.S. Department of Education				
Passed through California Department of Education				
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329		$ 172,258
84.033B	NCLB Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	14831		4,560
84.367	ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	14341		40,726
84.365	ESEA (ESSA) : Title III, English Learner Student Program	14346		15,444
84.377	NCLB: Title I, School Improvement Grant (SIG)	15127		187,489
	Total U.S. Department of Education			420,477
U.S. Department of Agriculture				
Passed through California Department of Education				
10.555	Child Nutrition: School Programs (NSL Sec 11)	13524	*	720,406
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care Homes	13529		103,369
	Total Cash Assistance Subtotal			823,775
10.555	School Lunch Program - Nonmonetary Assistance	13391	*	58,037
	Total Non-Cash Assistance Subtotal			58,037
	Total U.S. Department of Agriculture			881,812
	Total Federal Programs			$ 1,302,289

* Tested as a major program

See the accompanying notes to supplementary information.

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

General Fund	**Adopted Budget 2017/2018**	**Actuals 2016/2017**	**Actuals 2015/2016**	**Actuals 2014/2015**
Revenues and Other Financial Sources	$ 16,181,445	$15,419,526	$14,668,908	$ 12,700,017
Expenditures	15,724,881	14,909,864	13,335,591	12,539,185
Other Uses and Transfers Out	220,000	118,824	347,876	269,151
Total Outgo	15,944,881	15,028,688	13,683,467	12,808,336
Change in Fund Balance	236,564	390,838	985,441	(108,319)
Ending Fund Balance	$ 5,179,264	$ 4,942,700	$ 4,551,862	$ 3,566,421
Available Reserves	$ 478,347	$ 450,000	$ 2,331,784	$ 1,438,987
Reserve for Economic Uncertainties	$ 478,347	$ 450,000	$ 2,205,134	$ 1,438,987
Unappropriated Fund Balance	$ -	$ -	$ 126,650	$ -
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	17.0%	11.2%
Total Long-Term Debt	$ 18,670,239	$ 19,322,748	$ 16,982,836	$ 12,424,060
Average Daily Attendance at P-2	1,276	1,277	1,263	1,298

The general fund balance has increased by $1,267,960 over the past three years. The fiscal year 2017-2018 budget projects an increase of $236,564. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

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

Total long-term liabilities have increased by $6,898,688 over the past two years due to the addition of the net pension liability with the implementation of GASB 68 and the addition of the 2016 Certificates of Participation.

Average Daily Attendance (ADA) has decreased by 21 over the past two years. The District anticipates a decrease of 1 ADA for the fiscal year 2017-2018.

1. Schedule of Average Daily Attendance

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

2. Schedule of Instructional Time

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

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

3. Reconciliation of Unaudited Financial Report with Audited Financial Statements

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

4. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

	Federal Catalog Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		$ 1,244,252
Reconciling items		
Food Distribution - Commodities	10.555	58,037
Total Schedule of Expenditures of Federal Awards		$ 1,302,289

5. Schedule of Financial Trends And Analysis

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

OTHER INDEPENDENT AUDITOR’S REPORTS

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

Board of Trustees
Williams Unified School District
Williams, California

Report on Compliance for Each State Program

We have audited the compliance of Williams Unified School District (the "District") with the types of compliance requirements described in the State of California's 2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2017.

Management's Responsibility

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

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

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

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

We did not perform any procedures for Independent Study because the Average Daily Attendance reported for the program is not material for compliance purposes.

We did not perform any procedures related to Mental Health Expenditures and Educator Effectiveness as the district did not have any expenditures for these programs in the current year.

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

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

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

Opinion on Compliance with State Laws and Regulations

In our opinion, Williams Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2017.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 8, 2017

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Williams Unified School District
Williams, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williams Unified School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 8, 2017

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Williams Unified School District
Williams, California

Report on Compliance for Each Major Federal Program

We have audited Williams 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, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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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.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 8, 2017

FINDINGS AND RECOMMENDATION

WILLIAMS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I – Summary of Audit Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	_______	Yes	X	No
Significant deficiency(ies) 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 deficiency(ies) 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 the Uniform Guidance Section 200.516(a)	_______	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster

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

State Awards

Internal control over state programs:				
Material weakness(es) identified?	_______	Yes	X	No
Significant deficiency(ies) identified?	_______	Yes	X	None reported
Type of auditor's report issued on compliance for state programs:	Unmodified			

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – State Award Findings and Questioned Costs

No matters were reported.

2016-01 School Accountability Report Card (SARC) (72000)

Criteria:
The information on safety, cleanliness and adequacy of school facilities contained in the School Accountability Report Card (SARC) should be consistent with the information indicated in the "Facility Inspection Tool (FIT), School Facility Conditions Evaluation" developed by the Office of Public School Construction and approved by the State Allocation Board, as per Education Code Sections 33126(b)(8).

Condition:
For three school sites tested, the reports on school site conditions in the SARC were not consistent with the FIT. Certain conditions and recommended repairs and maintenance were identified in the FIT that were not included in the SARC. We were unable to determine the basis for the inconsistency.

Effect:
Repairs and maintenance may not occur at the school sites as needed.

Cause:
There was no review process to identify inconsistencies in the School Accountability Report Cards to ensure completeness and accuracy.

Recommendations:
It is recommended that management ensures oversight and a process of review of the School Accountability Report Cards to ensure they are complete and accurate.

Corrective Action Plan
The District will implement appropriate review and oversight of the School Accountability Report Cards for all sites to ensure they are consistent with the Facility Inspection Tool.

Status
Implemented.