

KNIGHTS FERRY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

KNIGHTS FERRY SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 Knights Ferry School District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, budgetary comparison schedule on page 49, schedule of other postemployment benefits funding progress on page 50, schedule of the district's proportionate share of net pension liability on page 51, and the schedule of district contributions on page 52, 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 Knights Ferry School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the Knights Ferry School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Knights Ferry School District's internal control over financial reporting and compliance.

Varrinck, Trine, Day + Co. LLP

Fresno, California
December 15, 2016



Knights Ferry Elementary School District
P.O. Box 840 – 12726 Dent Street – Knights Ferry, CA 95361
Phone (209) 881-3382 -- Fax (209) 881-3525
Dr. Janet A. Skulina, Superintendent/Principal
www.knightsferry.kf2.ca.us

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Knights Ferry School District's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Knights Ferry School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

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

The *Fund Financial Statements* include statements for governmental activities.

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

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

The Primary unit of the government is the Knights Ferry School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

KNIGHTS FERRY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities – All of the school district's programs and services are reported in this category. This includes the education of kindergarten through grade eight students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

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

KNIGHTS FERRY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

THE DISTRICT AS A WHOLE

Net Position

The District's net position is \$619 thousand for the fiscal year ended June 30, 2016, and \$526 thousand for the fiscal year ended June 30, 2015. Of this amount, \$42 thousand was restricted. Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

(Amounts in thousands)

	Governmental Activities		
	2016	2015	Variance
Assets			
Current and other assets	\$ 729	\$ 613	\$ 116
Capital assets	809	809	-
Total Assets	1,538	1,422	116
Deferred Outflows of Resources	120	48	72
Liabilities			
Current liabilities	88	33	55
Long-term obligations	102	107	(5)
Aggregate net pension liability	553	638	(85)
Total Liabilities	743	778	(35)
Deferred Inflows of Resources	296	166	130
Net Position			
Net investment in capital assets	809	809	-
Restricted	42	21	21
Unrestricted	(232)	(304)	72
Total Net Position	\$ 619	\$ 526	\$ 93

The \$619 thousand in total net position of the governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by \$72 thousand.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

KNIGHTS FERRY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Table 2

(Amounts in thousands)

	Governmental Activities		
	2016	2015	Variance
Revenues			
Program revenues:			
Charges for services	\$ 1	\$ 1	\$ -
Operating grants and contributions	93	77	16
General revenues:			
Federal and State aid not restricted	647	606	41
Property taxes	265	216	49
Other general revenues	76	36	40
Total Revenues	1,082	936	146
Expenses			
Instruction related	795	905	(110)
Student support services	6	-	6
Administration	87	88	(1)
Plant services	95	80	15
Other	6	5	1
Total Expenses	989	1,078	(89)
Change in Net Position	\$ 93	\$ (142)	\$ 235

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$989 thousand compared to \$1,078 thousand in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$265 thousand because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$93 thousand). We paid for the remaining "public benefit" portion of our governmental activities with \$647 thousand in State funds and with \$76 thousand in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions – instruction related, student support services, administration, and maintenance and operations. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

KNIGHTS FERRY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Table 3

(Amounts in thousands)

		Net Cost of Services	
		2016	2015
Instruction related		\$ 706	\$ 830
Student support services		6	-
General administration		87	88
Plant services		95	80
Other		2	3
Total		<u>\$ 896</u>	<u>\$ 1,001</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$641 thousand, which is an increase of \$61 thousand from last year. The General Fund showed an increase of approximately \$64 thousand due primarily to increased State funding. The remaining District funds showed little change from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 23, 2016. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report. The District revises the working budget continuously as the information becomes available from the Federal, State and local government.

The District budgeted an increase in General Fund balance of approximately \$2 thousand. However, revenues were approximately \$33 thousand more than budgeted, and expenditures and transfers out were approximately \$29 thousand less than budgeted, leaving the fund with an increase of about \$64 thousand.

KNIGHTS FERRY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had \$809 thousand in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment (Table 4).

Table 4

(Amounts in thousands)	Governmental Activities		
	2016	2015	Variance
Land and construction in progress	\$ 131	\$ 81	\$ 50
Buildings and improvements	667	715	(48)
Equipment	11	13	(2)
Total	<u>\$ 809</u>	<u>\$ 809</u>	<u>\$ -</u>

We present more detailed information about our capital assets in Notes to Financial Statements.

Long-Term Obligations

At the end of this year, the District had \$102 thousand in obligations versus \$107 thousand last year, a decrease of \$5 thousand. The liabilities consisted of other postemployment benefits obligations.

Table 5

(Amounts in thousands)	Governmental Activities		
	2016	2015	Variance
Other postemployment benefits	<u>\$ 102</u>	<u>\$ 107</u>	<u>\$ (5)</u>

We present more detailed information regarding our long-term obligations in the Notes to Financial Statements.

Net Pension Liability (NPL)

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* as of June 30, 2015, which required the District to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. As of June 30, 2016, the District reported Deferred Outflows from pension activities of \$120 thousand, Deferred Inflows from pension activities of \$296 thousand, and a Net Pension Liability of \$553 thousand. We present more detailed information regarding our net pension liability in the Notes to Financial Statements.

KNIGHTS FERRY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time the financial statements were prepared and audited, the District was unaware of any locally existing circumstances that could significantly affect its financial health in future years. However, the state economy and the somewhat stagnant enrollment, could pose a significant risk to the District's finances. The Board of Trustees has consistently demonstrated in the past that it is prepared to take the steps necessary to ensure the District's solvency and preserve the financial integrity of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Director III, District Business Support at the Stanislaus County Office of Education, 1100 H Street, Modesto, California 95354. This individual serves as the business advisor for the Knights Ferry School District.

KNIGHTS FERRY SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 710,637
Receivables	18,202
Nondepreciable capital assets	130,513
Capital assets being depreciated	1,365,536
Accumulated depreciation	(687,246)
Total Assets	<u>1,537,642</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>120,028</u>
LIABILITIES	
Accounts payable	87,869
Long-term obligations	102,510
Aggregate net pension liability	552,759
Total Liabilities	<u>743,138</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>295,776</u>
NET POSITION	
Net investment in capital assets	808,803
Restricted for:	
Capital projects	33,772
Educational programs	7,900
Unrestricted	(231,719)
Total Net Position	<u>\$ 618,756</u>

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

KNIGHTS FERRY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 610,507	\$ -	\$ 83,899
Instruction-related activities:			
Supervision of instruction	2,459	-	1,824
Instructional library, media, and technology	11,856	-	2,743
School site administration	170,998	1,150	450
Pupil services:			
All other pupil services	6,515	-	-
Administration:			
Data processing	2,979	-	-
All other administration	84,138	-	-
Plant services	94,762	-	-
Ancillary services	77	-	38
Other outgo	5,937	-	4,405
Total Governmental Activities	\$ 990,228	\$ 1,150	\$ 93,359

General revenues and subventions:

Property taxes, levied for general purposes
Federal and State aid not restricted to specific purposes
Interest and investment earnings
Miscellaneous

Subtotal, General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

**Net (Expenses)
Revenues and
Changes in
Net Position**

**Governmental
Activities**

\$ (526,608)

(635)

(9,113)

(169,398)

(6,515)

(2,979)

(84,138)

(94,762)

(39)

(1,532)

(895,719)

265,208

647,284

5,528

70,636

988,656

92,937

525,819

\$ 618,756

KNIGHTS FERRY SCHOOL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2016

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 561,965	\$ 58,965	\$ 89,707
Receivables	18,202	-	-
Total Assets	<u>\$ 580,167</u>	<u>\$ 58,965</u>	<u>\$ 89,707</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 37,460	\$ 46,242	\$ 4,167
Total Liabilities	<u>37,460</u>	<u>46,242</u>	<u>4,167</u>
Fund Balances:			
Nonspendable	300	-	-
Restricted	7,900	12,723	21,049
Committed	123,999	-	64,491
Assigned	102,538	-	-
Unassigned	307,970	-	-
Total Fund Balances	<u>542,707</u>	<u>12,723</u>	<u>85,540</u>
Total Liabilities and Fund Balances	<u>\$ 580,167</u>	<u>\$ 58,965</u>	<u>\$ 89,707</u>

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

Total Governmental Funds	
\$	710,637
	18,202
\$	728,839

\$	87,869
	87,869
	300
	41,672
	188,490
	102,538
	307,970
	640,970
\$	728,839

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KNIGHTS FERRY SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds	\$	640,970
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$	1,496,049
Accumulated depreciation is		<u>(687,246)</u>
Net Capital Assets		808,803
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		53,506
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		(182,670)
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(38,952)
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		304
The changes of assumptions is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		(7,936)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(552,759)
Long-term obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The District's obligation relating to it's Other Postemployment Benefits (OPEB) was:		<u>(102,510)</u>
Total Net Position - Governmental Activities	\$	<u>618,756</u>

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

KNIGHTS FERRY SCHOOL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds
REVENUES			
Local Control Funding Formula	\$ 809,482	\$ -	\$ 16,285
Federal sources	38,838	-	-
Other State sources	99,865	46,243	-
Other local sources	82,758	263	704
Total Revenues	<u>1,030,943</u>	<u>46,506</u>	<u>16,989</u>
EXPENDITURES			
Current			
Instruction	608,696	-	-
Instruction-related activities:			
Supervision of instruction	2,459	-	-
Instructional library, media and technology	11,856	-	-
School site administration	175,980	-	-
Pupil services:			
All other pupil services	6,515	-	-
Administration:			
All other administration	84,996	-	-
Plant services	70,399	-	17,043
Facility acquisition and construction	-	49,413	-
Ancillary services	77	-	-
Other outgo	5,937	-	-
Total Expenditures	<u>966,915</u>	<u>49,413</u>	<u>17,043</u>
NET CHANGE IN FUND BALANCES	<u>64,028</u>	<u>(2,907)</u>	<u>(54)</u>
Fund Balance - Beginning	<u>478,679</u>	<u>15,630</u>	<u>85,594</u>
Fund Balance - Ending	<u>\$ 542,707</u>	<u>\$ 12,723</u>	<u>\$ 85,540</u>

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

Total Governmental Funds	
<hr/>	
\$	825,767
	38,838
	146,108
	83,725
	<hr/>
	1,094,438
	<hr/>

608,696

2,459

11,856

175,980

6,515

84,996

87,442

49,413

77

5,937

1,033,371

61,067

579,903

\$ 640,970

KNIGHTS FERRY SCHOOL DISTRICT

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

Total Net Change in Fund Balances - Governmental Funds \$ 61,067
Amounts Reported for Governmental Activities in the Statement
of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation exceeds capital outlay in the period.

Capital outlays	\$ 49,413	
Depreciation expense	<u>(49,647)</u>	
Net Expense Adjustment		(234)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

27,696

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:

	4,408
Change in Net Position of Governmental Activities	<u>\$ 92,937</u>

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

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Knights Ferry School District (the District) was organized under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates one school.

A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Knights Ferry School District, this includes general operations and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into one broad fund category: governmental.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

Major Governmental Fund

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Outlay Fund, and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, fund balance, and revenues of \$297,668, \$297,668, and \$2,542, respectively, and a decrease in transfers out of \$10,750.

Special Reserve Capital Outlay Fund The Special Reserve Capital Outlay Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting; which differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California LEAs and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for LEAs as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Allocations of costs, such as depreciation, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2016, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the program sponsor.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

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

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Fund Balances - Governmental Funds

As of June 30, 2016, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$41,672 of restricted net position.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Budgetary Data

The budgetary process is prescribed by provisions of the *California Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

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

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of Statement No. 68 are effective for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Early implementation is encouraged.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

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

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 710,637
Total Deposits and Investments	<u>\$ 710,637</u>

Deposits and investments as of June 30, 2016, consist of the following:

Cash in revolving	\$ 300
Investments	710,337
Total Deposits and Investments	<u>\$ 710,637</u>

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	\$ 714,001	\$ -	\$ 714,001	\$ -	\$ -

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Stanislaus County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2016, consist of intergovernmental grants, entitlements, and state apportionments. All receivables are considered collectible in full.

	General Fund
Federal Government	
Categorical aid	\$ 3,987
State Government	
State grants and entitlements	14,215
Total	<u>\$ 18,202</u>

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2015	Additions	Balance June 30, 2016
Governmental Activities			
Capital Assets Not Being Depreciated			
Land	\$ 81,100	\$ -	\$ 81,100
Construction in process	-	49,413	49,413
Total Capital Assets Not Being Depreciated	81,100	49,413	130,513
Capital Assets Being Depreciated			
Land improvements	316,487	-	316,487
Buildings and improvements	1,016,072	-	1,016,072
Furniture and equipment	32,977	-	32,977
Total Capital Assets Being Depreciated	1,365,536	-	1,365,536
Less Accumulated Depreciation			
Land improvements	96,528	13,331	109,859
Buildings and improvements	520,818	34,819	555,637
Furniture and equipment	20,253	1,497	21,750
Total Accumulated Depreciation	637,599	49,647	687,246
Governmental Activities Capital Assets, Net	\$ 809,037	\$ (234)	\$ 808,803

Depreciation expense was charged to functional expenses as follows:

Governmental Activities	
Instruction	\$ 30,284
School site administration	3,972
Data processing	2,979
All other general administration	2,979
Plant services	9,433
Total Depreciation Expenses, Governmental Activities	\$ 49,647

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consists of the following:

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Activities
Vendors invoices	\$ 6,463	\$ 46,242	\$ 4,167	\$ 56,872
Payroll and benefits payable	27,410	-	-	27,410
State principal apportionment	3,587	-	-	3,587
Total	<u>\$ 37,460</u>	<u>\$ 46,242</u>	<u>\$ 4,167</u>	<u>\$ 87,869</u>

NOTE 7 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2015	Deductions	Balance June 30, 2016
Other postemployment benefits	<u>\$ 106,918</u>	<u>\$ 4,408</u>	<u>\$ 102,510</u>

The other postemployment benefits obligation will be paid by the General Fund.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2016, was \$44,707 and contributions made by the District during the year were \$42,207. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$4,811 and \$(11,719), respectively, which resulted in a decrease to the net OPEB obligation of \$4,408. As of June 30, 2016, the net OPEB obligation was \$102,510. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 8 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Fund	Total
Nonspendable				
Revolving cash	\$ 300	\$ -	\$ -	\$ 300
Total Nonspendable	300	-	-	300
Restricted				
Legally restricted programs	7,900	12,723	-	20,623
Capital projects	-	-	21,049	21,049
Total Restricted	7,900	12,723	21,049	41,672
Committed				
Special education	75,000	-	-	75,000
Equipment replacement	18,496	-	-	18,496
Textbooks	30,503	-	-	30,503
Deferred maintenance program	-	-	64,491	64,491
Total Committed	123,999	-	64,491	188,490
Assigned				
Postemployment benefits	102,538	-	-	102,538
Total Assigned	102,538	-	-	102,538
Unassigned				
Reserve for economic uncertainties	137,464	-	-	137,464
Remaining unassigned	170,506	-	-	170,506
Total Unassigned	307,970	-	-	307,970
Total	\$ 542,707	\$ 12,723	\$ 85,540	\$ 640,970

NOTE 9 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2016, the following District major fund exceeded the budgeted amounts as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General			
Books and supplies	\$ 42,414	\$ 42,673	\$ 259
Other outgo	\$ 5,696	\$ 5,937	\$ 241

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Knights Ferry School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of six retirees and beneficiaries currently receiving benefits and seven active plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Teachers Association, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, FEA, CSEA and the unrepresented groups. For fiscal year 2015-2016, the District contributed \$42,207 to the plan, all of which was used for current premiums (99.9 percent of total premiums). Plan members receiving benefits contributed \$28 or 0.1 percent of total premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 44,707
Interest on net OPEB obligation	4,811
Adjustment to annual required contribution	(11,719)
Annual OPEB cost (expense)	37,799
Contributions made	(42,207)
Increase in net OPEB obligation	(4,408)
Net OPEB obligation, beginning of year	106,918
Net OPEB obligation, end of year	<u>\$ 102,510</u>

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2016	\$ 37,799	\$ 42,207	-84.55%	\$ 102,510
2015	41,030	34,687	70.62%	106,918
2014	41,650	33,949	69.11%	100,575

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
August 1, 2016	\$ -	\$ 381,681	\$ 381,681	0%	\$ 497,715	76.69%

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, investment returns, 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, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

In the August 1, 2016, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates were four percent. The cost trend rate used for the Dental and Vision programs were also four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2016, was nine years.

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2016, the District contracted with the Central Region Schools Insurance Group for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2016, the District participated in the Central Region Schools Insurance Group, an insurance purchasing pool. The intent of the Central Region Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Central Region Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Central Region Schools Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Central Region Schools Insurance Group. Participation in the Central Region Schools Insurance Group is limited to districts that can meet the Central Region Schools Insurance Group selection criteria. The firm of Keenan and Associates provides administrative, cost control, and actuarial services to the insurance group.

Employee Medical Benefits

The District has contracted with a commercial insurance carrier to provide employee health benefits.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

For the fiscal year ended June 30, 2016, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 423,598	\$ 73,439	\$ 262,204	\$ 5,087
CalPERS	129,161	46,588	33,572	11,981
Total	<u>\$ 552,759</u>	<u>\$ 120,027</u>	<u>\$ 295,776</u>	<u>\$ 17,068</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.12589%	7.12589%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the District's total contributions were \$40,063.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 423,598
State's proportionate share of the net pension liability associated with the District	224,037
Total	<u>\$ 647,635</u>

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.0006 percent and 0.0009 percent, resulting in a net decrease in the proportionate share of 0.0003 percent.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$5,087. In addition, the District recognized pension expense and revenue of \$17,354 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 40,063	\$ -
Net change in proportionate share of net pension liability	-	187,221
Difference between projected and actual earnings on pension plan investments	33,376	67,905
Differences between expected and actual experience in the measurement of the total pension liability	-	7,078
Total	<u>\$ 73,439</u>	<u>\$ 262,204</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (14,291)
2018	(14,291)
2019	(14,291)
2020	8,344
Total	<u>\$ (34,529)</u>

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and the differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (32,383)
2018	(32,383)
2019	(32,383)
2020	(32,383)
2021	(32,383)
Thereafter	(32,384)
Total	<u>\$ (194,299)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 639,601
Current discount rate (7.60%)	\$ 423,598
1% increase (8.60%)	\$ 244,083

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above and the total District contributions were \$13,443.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$129,161. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2015 and June 30, 2014, respectively was 0.0009 percent and 0.0008 percent, resulting in a net increase in the proportionate share of 0.0001 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$11,981. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,443	\$ -
Net change in proportionate share of net pension liability	4,551	-
Difference between projected and actual earnings on pension plan investments	21,213	25,636
Differences between expected and actual experience in the measurement of the total pension liability	7,382	-
Changes of assumptions	-	7,936
Total	<u>\$ 46,589</u>	<u>\$ 33,572</u>

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (3,242)
2018	(3,242)
2019	(3,242)
2020	5,303
Total	<u>\$ (4,423)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and the differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ 1,378
2018	1,378
2019	1,241
Total	<u>\$ 3,997</u>

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.65%)	\$ 210,220
Current discount rate (7.65%)	\$ 129,161
1% increase (8.65%)	\$ 61,755

Other Information

Under CalSTRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis. The District has no obligations to CalSTRS for early retirement incentives granted to terminated employees.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to contribute Social Security and Medicare. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$28,628 (7.12589 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted and actual amounts reported in the General Fund - Budgetary Comparison Schedule.

KNIGHTS FERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation

The District is not currently a party to any legal proceedings.

NOTE 14 - PARTICIPATION IN JOINT POWER AUTHORITIES

The Knights Ferry School District is a member of the Central Region Schools Insurance Group (CRSIG) joint powers authority. The District pays an annual premium to CRSIG for its workers' compensation, and property liability coverage. Payments for services are paid to CRSIG. The relationship between the District and CRSIG is such that it is not component unit of the District for financial reporting purposes. CRSIG purchases excess liability and property insurance through the Schools Excess Fund and the Northern California Regional Liability Excess Fund. CRSIG also purchases excess insurance for workers' compensation through the Schools Alliance for Workers' Compensation Excess. The Knights Ferry School District pays a premium commensurate with the level of coverage requested.

CRSIG has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between CRSIG and the District are included in these statements. Audited financial statements are generally available from CRSIG.

The District has appointed one member to the governing board of CRSIG.

During the year ended June 30, 2016, the District made payment of \$14,958 CRSIG for workers' compensation insurance, and property and liability insurance.

REQUIRED SUPPLEMENTARY INFORMATION

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KNIGHTS FERRY SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variances - Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Local Control Funding Formula	\$ 747,284	\$ 803,854	\$ 809,482	\$ 5,628
Federal sources	30,353	31,102	38,838	7,736
Other State sources	15,214	71,088	71,237	149
Other local sources	44,255	62,847	82,758	19,911
Total Revenues ¹	837,106	968,891	1,002,315	33,424
EXPENDITURES				
Current				
Certificated salaries	402,750	379,816	379,494	322
Classified salaries	106,616	120,268	118,221	2,047
Employee benefits	224,094	201,932	195,236	6,696
Books and supplies	31,978	42,414	42,673	(259)
Services and operating expenditures	176,838	206,499	196,726	9,773
Other outgo	368	5,696	5,937	(241)
Total Expenditures ¹	942,644	956,625	938,287	18,338
Excess (Deficiency) of Revenues Over Expenditures	(105,538)	12,266	64,028	51,762
Other Financing Sources (Uses)				
Transfers in	107,845	-	-	-
Transfers out	-	(10,750)	-	10,750
Net Financing Sources (Uses)	107,845	(10,750)	-	10,750
NET CHANGE IN FUND BALANCES	2,307	1,516	64,028	62,512
Fund Balance - Beginning	478,679	478,679	478,679	-
Fund Balance - Ending	\$ 480,986	\$ 480,195	\$ 542,707	\$ 62,512

¹ On behalf payments are not included in revenues and expenditures in this schedule. In addition, due to the consolidation of Fund 17, Special Reserve Non-Capital Outlay Fund, and Fund 20, Special Reserve for Postemployment Benefits Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
August 1, 2016	\$ -	\$ 381,681	\$ 381,681	0%	\$ 497,715	76.69%
August 1, 2013	\$ -	\$ 366,369	\$ 366,369	0%	\$ 479,989	76.33%
October 1, 2009	\$ -	\$ 953,514	\$ 953,514	0%	\$ 551,295	172.96%

See accompanying note to required supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
District's proportion of the net pension liability (asset)	0.0006%	0.0009%
District's proportionate share of the net pension liability (asset)	\$ 423,598	\$ 542,947
State's proportionate share of the net pension liability (asset) associated with the District	224,037	327,855
Total	\$ 647,635	\$ 870,802
District's covered - employee payroll	\$ 411,678	\$ 401,733
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	102.90%	135.15%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
CalPERS		
District's proportion of the net pension liability (asset)	0.0009%	0.0008%
District's proportionate share of the net pension liability (asset)	\$ 129,161	\$ 94,921
District's covered - employee payroll	\$ 97,052	\$ 87,729
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	133.08%	108.20%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

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

See accompanying note to required supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
Contractually required contribution	\$ 40,063	\$ 36,557
Contributions in relation to the contractually required contribution	40,063	36,557
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 373,374</u>	<u>\$ 411,678</u>
Contributions as a percentage of covered - employee payroll	<u>10.73%</u>	<u>8.88%</u>
CalPERS		
Contractually required contribution	\$ 13,443	\$ 11,424
Contributions in relation to the contractually required contribution	13,443	11,424
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 113,472</u>	<u>\$ 97,052</u>
Contributions as a percentage of covered - employee payroll	<u>11.847%</u>	<u>11.771%</u>

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

See accompanying note to required supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

NOTE 2 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

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SUPPLEMENTARY INFORMATION

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KNIGHTS FERRY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE

JUNE 30, 2016

ORGANIZATION

The Knights Ferry School District was established in 1854. Knights Ferry is a small agricultural community among the foothills of the Sierra Nevada along the Stanislaus River. The District operates one school offering instruction in grades K - 8. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Diane Noon	President	2017
Kym Cassaretto	Clerk	2017
John Sturgis	Member	2018
Sherron McCarthy	Member	2016
Andrea Gonzalez-Wever	Member	2017

ADMINISTRATION

Janet Skulina	Superintendent
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See accompanying note to supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2016

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	41.69	41.78
Fourth through sixth	33.42	33.86
Seventh and eighth	14.99	14.93
Total ADA	90.10	90.57

See accompanying note to supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2016

Grade Level	1986-1987 Minutes Requirement	2015-2016 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	63,360	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		57,080	180	N/A	Complied
Grade 2		57,080	180	N/A	Complied
Grade 3		57,080	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		57,080	180	N/A	Complied
Grade 5		57,080	180	N/A	Complied
Grade 6		57,080	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		57,300	180	N/A	Complied
Grade 8		57,300	180	N/A	Complied

See accompanying note to supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

There were no adjustments to the Unaudited Actual Financial Report which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

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

	(Budget) 2017 ^{1,4}	2016 ⁴	2015 ⁴	2014 ⁴
GENERAL FUND				
Revenues and transfer in ³	\$ 940,416	\$ 999,773	\$ 939,755	\$ 895,132
Expenditures	951,376	938,286	978,818	877,144
Other uses and transfer outs	8,349	10,750	-	-
Total Expenditures and Other Uses ³	959,725	949,036	978,818	877,144
INCREASE/(DECREASE) IN FUND BALANCE	\$ (19,309)	\$ 50,737	\$ (39,063)	\$ 17,988
ENDING FUND BALANCE	\$ 225,730	\$ 245,039	\$ 194,302	\$ 233,365
AVAILABLE RESERVES ²	\$ 217,198	\$ 236,507	\$ 248,062	\$ 292,444
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	22.6%	24.9%	25.3%	33.3%
LONG-TERM OBLIGATIONS	Not Available	\$ 102,510	\$ 106,918	\$ 100,575
AVERAGE DAILY ATTENDANCE AT P-2	90	90	82	84

The General Fund balance has increased by \$11,674 over the past two years. The fiscal year 2016-2017 budget projects a decrease of \$19,309 (7.9 percent). For a district this size, the State recommends available reserves of at least five percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years, but anticipates incurring an operating deficit during the 2016-2017 fiscal year. Total long-term obligations have increased by \$1,935 over the past two years.

Average daily attendance has increased by six ADA over the past two years. No change of ADA is anticipated during fiscal year 2016-2017.

¹ Budget 2017 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ On behalf payments have been excluded from revenues and expenditures in this schedule.

⁴ General Fund amounts do not include activity related to the consolidation of the Special Reserve Non-Capital Outlay Fund and Special Reserve for Postemployment Benefits Fund as required by GASB Statement No. 54.

See accompanying note to supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016**

	Deferred Maintenance Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 68,658	\$ 21,049	\$ 89,707
Total Assets	<u>\$ 68,658</u>	<u>\$ 21,049</u>	<u>\$ 89,707</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,167	\$ -	\$ 4,167
Total Liabilities	<u>4,167</u>	<u>-</u>	<u>4,167</u>
Fund Balances:			
Restricted	-	21,049	21,049
Committed	64,491	-	64,491
Total Fund Balances	<u>64,491</u>	<u>21,049</u>	<u>85,540</u>
Total Liabilities and Fund Balances	<u>\$ 68,658</u>	<u>\$ 21,049</u>	<u>\$ 89,707</u>

See accompanying note to supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	Deferred Maintenance Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
REVENUES			
Local Control Funding Formula	\$ 16,285	\$ -	\$ 16,285
Other local sources	520	184	704
Total Revenues	<u>16,805</u>	<u>184</u>	<u>16,989</u>
EXPENDITURES			
Current expenditures			
Plant services	17,043	-	17,043
Total Expenditures	<u>17,043</u>	<u>-</u>	<u>17,043</u>
NET CHANGE IN FUND BALANCES	(238)	184	(54)
Fund Balance - Beginning	64,729	20,865	85,594
Fund Balance - Ending	<u>\$ 64,491</u>	<u>\$ 21,049</u>	<u>\$ 85,540</u>

See accompanying note to supplementary information.

KNIGHTS FERRY SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

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

Governing Board
Knights Ferry School District
Knights Ferry, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Knights Ferry School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Knights Ferry School District's basic financial statements, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Varrinck, Trine, Day & Co. LLP

Fresno, California
December 15, 2016



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Knights Ferry School District
Knights Ferry, California

Report on State Compliance

We have audited Knights Ferry School District's compliance with the types of compliance requirements as identified in the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Knights Ferry School District's State government programs as noted below for the year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Knights Ferry School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Knights Ferry School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Knights Ferry School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Knights Ferry School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	No (see below)
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	No (see below)
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	No (see below)
After School	No (see below)
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No (see below)
Immunizations	Yes
CHARTER SCHOOLS	
Attendance	No (see below)
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	No (see below)
Determination of Funding for Non Classroom-Based Instruction	No (see below)
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

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

We did not perform Continuation Education procedures because the program is not offered by the District.

We did not perform procedures for Classroom Teachers Salaries because in the year preceding the audit year, the District did not have 101 units or more of Average Daily Attendance.

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform procedures for the After School Education and Safety Program because the District does not offer the program.

The District does not offer Independent Study - Course Based program; therefore, we did not perform any procedures related to Independent Study - Course Based Program.

Additionally, the District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Varrinck, Trine, Day & Co. LLP

Fresno, California
December 15, 2016

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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KNIGHTS FERRY SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

No

Significant deficiency identified?

None reported

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

The District was not subject to a Single Audit under Uniform Guidance as their total Federal award expenditures were under the minimum threshold of \$750,000.

STATE AWARDS

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

Unmodified

KNIGHTS FERRY SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

KNIGHTS FERRY SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

KNIGHTS FERRY SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

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



Item #6.3

WSCA-NASPO Quote Sheet

PO Box 910, Roseville, CA 95678 916-338-7070 FAX 916-344-5957

QUOTATION

Customer: SCOPE

Attention: _____

Phone: _____

Quote #: 16-12-20 3650-2504-3802I

WSCA MA# AR233(14-19)

CA MA# 71-14-70-04

Date: 01/02/17

From: **David Lincoln,**

Office: 916-338-7070

Fax: 916-344-5957

Dave_lincoln@questsys.com

Please Issue PO to:
Quest
5822 Roseville Road
Sacramento CA 95842
Please Reference:
WSCA MA# AR233(14-19)
CA MA# 71-14-70-04

Tax	Part #	Description	Qty	Price	Ext Price
		Cisco 2504 Controller - 5 AP license			
YES	AIR-CT2504-5-K9	2504 Wireless Controller with 5 AP Licenses	1	751.10	751.10
NO	CON-SNT-CT255	SNTC-8X5XNBD 2504 Wireless LAN Co	1	117.60	117.60
YES	AIR-CT2504-CCBL	2504 Wireless Controller Console Cable	1		
YES	AIR-CT2504-K9	2504 Wireless Controller with 0 AP Licenses	1		
YES	LIC-CT2504-5	5 AP License for 2504 WLAN Controller	1		
YES	LIC-CT2504-BASE	Base Software License	1		
NO	CON-ECMU-LIT4BASE	SWSS UPGRADES Base Software Licens	1		
YES	AIR-CT2504-SW-8.0	Cisco 2504 Wireless Controller SW Rel. 8.0	1		
YES	CAB-AC2	AC Power cord North America	1		
YES	AIR-CT2504-RMNT	2504 Wireless Controller Rack Mount Bracket	1	55.10	55.10
		(5 AP Add on license) - (10 total licenses)			
YES	L-LIC-CT2504-UPG	Upgrade Options for 2504 WLAN Controller (e-Delivery)	1		
NO	CON-ECMU-LCT25UP	SWSS UPGRADES Upgrade Options for 2504 WLAN Controller	1		
YES	L-LIC-CT2504-5A	5 AP Adder Licenses for 2504 WLAN Controller (e-Delivery)	1	751.10	751.10
NO	CON-ECMU-LCT255A	SWSS UPGRADES 5 AP Adder Licenses for 2504 WLAN Contro	1	118.30	118.30
		Cisco Controller		1,793.20	
		Cisco 3802i AP			
YES	AIR-AP3802i-B-K9	802.11ac W2 AP w/CA; 4x4:3; Mod; Int Ant; mGig B Domain	10	957.00	9,570.00
YES	AIR-AP-BRACKET-1	802.11n AP Low Profile Mounting Bracket (Default)	10		
YES	AIR-AP-T-RAIL-R	Ceiling Grid Clip for Aironet APs - Recessed Mount (Default)	10		
YES	SW3802-CAPWAP-K9	Cisco Aironet 3800 Series CAPWAP Software Image	10		
		Cisco AP's		9,570.00	
YES	WS-C3650-24PD-S	Cisco Catalyst 3650 24 Port PoE 2x10G Uplink IP Base	2	3,828.00	7,656.00
NO	CON-SNT-WSC365PDS	SNTC-8X5XNBD Cisco Catalyst 3650 24 Port PoE 2x10G Up	2	291.20	582.40
YES	S3650UK9-36E	CAT3650 Universal k9 image	2		
YES	PWR-C2-640WAC	640W AC Config 2 Power Supply	2		
YES	PWR-C2-640WAC/2	640W AC Config 2 Secondary Power Supply	2	696.00	1,392.00
YES	CAB-TA-NA	North America AC Type A Power Cable	4		
YES	STACK-T2-BLANK	Type 2 Stacking Blank	2		
		3650 1Gb PoE switch Option		9,630.40	
YES	GLC-SX-MMD=	1000BASE-SX SFP transceiver module, MMF, 850nm, DOM	4	290.00	1,160.00
		1Gb Uplink Option		1,160.00	

Quotation is based only on information indicated. No other products or services are implied. It is the purchaser's responsibility to verify all information contained herein. Prices, availability are subject to change without notice. This quoted price includes a 3.6% discount for payment made in cash or check, not involving the use of a credit card. Payment made by credit card will waive this discount. Quotes good for 30 days from date of quote.

* Quest is a trademark of Quest Media and Supplies, Inc. - Visit our website at questsys.com

TAX AND SHIPPING IS NOT INCLUDED UNLESS IT IS SPECIFICALLY INDICATED.

The GSPD 401IT - General Provisions - Information Technology Statement of Work terms apply to all orders and supersede the corresponding Sections of the GSPF401IT terms. Authorized purchasers issuance of purchase order(s) is deemed acceptance of these Statement of Work Terms.

SUBTOTAL:	\$22,153.60
9.000% TAX:	\$1,920.18
SHIPPING:	
TOTAL:	\$24,073.78



QUOTATION

Customer: SCOE
Attention: _____
Phone: _____
Quote #: 16-12-14 3850-2504-3802i
WSCA MA# AR233(14-19)
CA MA# 71-14-70-04

Date: 01/02/17
From: David Lincoln,
Office: 916-338-7070
Fax: 916-344-5957
Dave_lincoln@questsys.com

Please Issue PO to:
Quest
5822 Roseville Road
Sacramento CA 95842
Please Reference:
WSCA MA# AR233(14-19)
CA MA# 71-14-70-04

Tax	Part #	Description	Qty	Price	Ext Price
		Cisco UpOPE Multi Gigabit switch			
YES	WS-C3850-24XU-S	Cisco Catalyst 3850 24 mGig Port UPoE IP Base	2	8,062.00	16,124.00
NO	CON-SNT-WSC3852X	SNTC-8X5XNBD Cisco Catalyst 3850	2	613.20	1,226.40
YES	CAB-SPWR-30CM	Catalyst 3750X and 3850 Stack Power Cable 30 CM	2		
YES	S3850UK9-37E	CAT3850 Universal k9 image	2		
YES	PWR-C1-1100WAC	1100W AC Config 1 Power Supply	2		
YES	STACK-T1-50CM	50CM Type 1 Stacking Cable	2		
YES	PWR-C1-1100WAC/2	1100W AC Config 1 Secondary Power Supply	2	1,102.00	2,204.00
YES	C3850-NM-2-10G	Cisco Catalyst 3850 2 x 10GE Network Module	2	1,450.00	2,900.00
YES	CAB-TA-NA	North America AC Type A Power Cable	4		
		10GB Optics - 2 per switch for redundandct 10Gb link			
YES	SFP-10G-SR=	10GBASE-SR SFP Module	4	577.10	2,308.40
		Cisco 2504 Controller - 5 AP license			
YES	AIR-CT2504-5-K9	2504 Wireless Controller with 5 AP Licenses	1	751.10	751.10
NO	CON-SNT-CT255	SNTC-8X5XNBD 2504 Wireless LAN Co	1	117.60	117.60
YES	AIR-CT2504-CCBL	2504 Wireless Controller Console Cable	1		
YES	AIR-CT2504-K9	2504 Wireless Controller with 0 AP Licenses	1		
YES	LIC-CT2504-5	5 AP License for 2504 WLAN Controller	1		
YES	LIC-CT2504-BASE	Base Software License	1		
NO	CON-ECMU-LIT4BASE	SWSS UPGRADES Base Software Licens	1		
YES	AIR-CT2504-SW-8.0	Cisco 2504 Wireless Controller SW Rel. 8.0	1		
YES	CAB-AC2	AC Power cord North America	1		
YES	AIR-CT2504-RMNT	2504 Wireless Controller Rack Mount Bracket	1	55.10	55.10
		(5 AP Add on license) - (10 total licenses)			
YES	L-LIC-CT2504-UPG	Upgrade Options for 2504 WLAN Controller (e-Delivery)	1		
NO	CON-ECMU-LCT25UP	SWSS UPGRADES Upgrade Options for 2504 WLAN Controller	1		
YES	L-LIC-CT2504-5A	5 AP Adder Licenses for 2504 WLAN Controller (e-Delivery)	1	751.10	751.10
NO	CON-ECMU-LCT255A	SWSS UPGRADES 5 AP Adder Licenses for 2504 WLAN Contro	1	118.30	118.30
		Cisco 3802i AP			
YES	AIR-AP3802i-B-K9	802.11ac W2 AP w/CA; 4x4:3; Mod; Int Ant; mGig B Domain	10	957.00	9,570.00
YES	AIR-AP-BRACKET-1	802.11n AP Low Profile Mounting Bracket (Default)	10		
YES	AIR-AP-T-RAIL-R	Ceiling Grid Clip for Aironet APs - Recessed Mount (Default)	10		
YES	SW3802-CAPWAP-K9	Cisco Aironet 3800 Series CAPWAP Software Image	10		

Quotation is based only on information indicated. No other products or services are implied. It is the purchaser's responsibility to verify all information contained herein. Prices, availability are subject to change without notice. This quoted price includes a 3.5% discount for payment made in cash or check, not involving the use of a credit card. Payment made by credit card will waive this discount. Quotes good for 30 days from date of quote.
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*The GSPD 401IT - General Provisions - Information Technology Statement of Work terms apply to all orders and supersede the corresponding Sections of the GSPF401T terms. Authorized purchasers issuance of purchase order(s) is deemed acceptance of these Statement of Work Terms.

SUBTOTAL:	\$36,126.00
9.000% TAX:	\$3,119.73
SHIPPING:	
TOTAL:	\$39,245.73



I.C. ELECTRONICS INC

P.O. Box 57-7375

Modesto, CA 95357

C.C. Lic. No. 859059 DIR No. 1000003549 email: greg@icelectronics.us (209) 529-7684

Item #6.4

QUOTE

DATE: January 6, 2017

NUMBER OF PAGES

(Including Cover Letter)

1

Note: If you did not receive all of the pages or if you have a question, please call the verifying number above.

Co. Name: Knights Ferry Elementary School District

Attention: Janet Skulina

Email JSkulina@stancoc.org

Job Name: Knights Ferry Elementary School

Data Cabling for Wireless Access Points

Systems System Included:

Included - (Network Cabling)

in bid: - (Cat6A, and OM2 Fiber Optic)

Scope of Work:

Systems Not Listed Above Are Excluded.

* To provide Data Cabling, in Quantities & at Locations as needed to provide complete & proper functionality pertaining to specifications given by SCOE (Trish Paulson) Director Network Services.

* (Network Cabling) To Provide and Install (1) Chatsworth #11790-725 24" IDF Wall Cabinet, (1) 48-Port Patch Panel, re-terminate (24) Category 6 Jacks at Rm. #5, provide (10) Cat6 A Jacks for WAP's for rooms 1-10, includes labor for installation of WAP, (1,500') of Cat6A cable, (800') of Cat6A Outdoor cable, Includes (500') of 6-Strand Multi-Mode Fiber to feed IDF in room #5, (1) Fiber Drawer, (1) Fiber Wall Enclosure, (2) Fiber Coupler Panels, (12) Fiber connectors, includes J-Hooks and labor for wire pulling.

* (Conduit Flex) To provide and Install (3) sections of 1.5" Liquid tight Flex Conduit between portable rooms 5,6,7,8 to allow for new Cat6A cable to be routed thru.

* To provide all device circuit terminations, final connections, programming, testing Per. EIA/TIA, labeling as required.

* To provide, test reports, operator training manuals, guarantees & closeouts as required for final approvals.

* Labor Rates at Prevailing Wage, includes required DIR reports.

Work to be excluded and done by others:

* Shall not include Network Switches, WAP's.

* Shall not include Network Patch Cables.

* Shall not include new conduit between Office and Rm.5, we plan on pulling thru very tight 3/4" conduit already full with other systems, however this conduit has a Cat5e cable that we will be pulling out to free up space.

(The following total price for project includes sales tax & normal freight charges.)

Total Price =

\$13,430.60

Thank You

Greg Facha, Vice President

AGREEMENT BY AND BETWEEN

THE

KNIGHTS FERRY ELEMENTARY SCHOOL DISTRICT

AND THE

KNIGHTS FERRY TEACHERS ASSOCIATION, CTA/NEA

2016-2017

2017-2018

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ARTICLE I -- AGREEMENT

- 1.1 The Articles and provisions contained herein constitute a bilateral and binding agreement ("Agreement") by and between the Governing Board of the Knights Ferry Elementary School District ("Board") and the Knights Ferry Teachers Association CTA/NEA ("Association"), an employee organization.
- 1.2 This Agreement is entered into pursuant to Chapter 10.7, Sections 3540-3549 of the Government Code ("Act").
- 1.3 This Agreement shall remain in full force and effect from the date of ratification until June 30, 2015..

ARTICLE II -- RECOGNITION

- 2.1 The Board recognizes the Association as the exclusive representative of all certificated employees of the Board including all regularly employed classroom teachers and excluding supplemental and substitute teachers, all certificated employees designated as management, supervisory, or confidential for the purpose of meeting and negotiating.

ARTICLE III -- DEFINITIONS

- 3.1 "Unit Member" refers to any employee who is included in the appropriate unit as defined in Article II and therefore covered by the terms and provisions of this Agreement.
- 3.2 "Days" means school days during which students are required to be in attendance.
- 3.3 "Daily Rate of Pay" means the unit member's annual salary divided by the number of duty days required by the Agreement.
- 3.4 "Duty Days" means days during which unit members are required to be present at school.

ARTICLE IV -- NEGOTIATION PROCEDURES

- 4.1 No earlier than February 20 of the calendar year in which this agreement expires, and no later than April 30, the parties shall submit their initial proposals.
- 4.2 Unless mutually agreed upon, there shall be no reopening of any item or provision during the term of this Agreement. The association and the district agree to reopen Article 19.2 (Salary Schedule) for 18-19 and up to two re-openers from each party.
- 4.3 The parties shall meet and negotiate in good faith on negotiable items once the public notice provisions of the Educational Employment Relations Act have been met. Any agreement reached between the parties shall be reduced to writing and signed by them.

- 4.4 Within thirty (30) days of ratification of the Agreement or modifications to this Agreement by both parties herein, the Board shall have copies prepared and delivered to the Association for distribution to each bargaining unit member in the District.
- 4.5 Negotiations shall take place at a mutually agreeable time and place.

ARTICLE V – MAINTENANCE OF BENEFITS / MISCELLANEOUS PROVISIONS

- 5.1 This Agreement shall supersede any rules, regulations, or practices of the District which are, or may in the future be contrary to, or inconsistent with its terms.
- 5.2 The provisions of this Agreement shall not be interpreted or applied in a manner that is arbitrary, capricious, or discriminatory. Rules, which are designated to implement this Agreement, shall be uniform in application and effect.
- 5.3 The District shall not change any policies, procedures, or practices that are subjects of negotiation under Government Code 3543.2(a), but are not addressed in the Agreement until it has negotiated said changes with the Association.
- 5.4 Individual Contracts: The District will not negotiate any individual contracts with unit members that contain terms inconsistent with this agreement without the Associations approval.
- 5.5 Lesson Plans: Lesson plans which provide sufficient guidance to a substitute will be made available.

ARTICLE VI -- NON-DISCRIMINATION

- 6.1 Neither the Board nor the Association shall unlawfully discriminate against any unit member based on race, color, creed, age, sex, national origin, political affiliation, domicile, marital status, physical disability, membership in an employee organization or participation in the activities of an employee organization.
- 6.2 Applications forms and oral interview procedures shall not refer to membership in or preferences for employee organizations.

ARTICLE VII -- SAVINGS

If any provision of this Agreement or any application of this Agreement to any employee or group of employees is held to be contrary to law by a court of competent jurisdiction, then such provision or application shall not be deemed valid and subsisting, except to the extent permitted by law; but all other provisions or applications shall continue in full force and effect.

ARTICLE VIII -- STATUTORY CHANGES

Improvements and or reduction or elimination of benefits which are brought about by amendment or repeal of statutory guarantees incorporated in this Agreement shall obligate the parties to meet and negotiate regarding such benefits after the public notice provisions have been met.

ARTICLE IX -- PERSONNEL FILES

- 9.1 There shall be one (1) personnel file for each unit member, which shall be kept in a locked file in the District's office. The only persons with access to a unit member's personnel file are the Superintendent-Principal, the District Trustees by formal Governing Board action, confidential employees designated by the Superintendent, and the unit member, upon request. The contents of all personnel files shall be kept in strictest confidence. The District shall keep a log indicating the persons who have requested to examine a personnel file, as well as the dates such requests were made. Such log shall be available for examination by the unit member or his/her authorized Association representative.
- 9.2 No items shall be placed in a unit member's personnel file until he/she has been given a copy and a minimum of ten (10) days to respond.

ARTICLE X -- GRIEVANCE PROCEDURE

- 10.1 Definitions
 - 10.1.1 A grievance is a claim by one or more unit members or the Association that there has been a violation, misinterpretation or misapplication of this Agreement.
 - 10.1.2 A grievant is one or more unit members or the Association making the claim.
 - 10.1.3 A day is defined in Section 3.2 of this Agreement
- 10.2 Purpose

The purpose of this procedure is to secure, at the lowest possible administrative level, equitable solutions to the problems that may from time to time arise concerning the application or interpretation of this agreement. Both parties agree that these proceedings will be kept as informal and confidential as may be appropriate at any level of the procedure.

10.3 Procedure

10.3.1 Level I – Initial Resolution

A grievance shall be presented in writing to the immediate supervisor within ten (10) working days of the occurrence, act, or omission that has given rise to the grievance, or within ten (10) working days of when the employee could reasonably have known of said occurrence, act, or omission. The grievance shall include a clear, concise statement of the grievance, including the provisions of this Agreement claimed to have been violated, the names of the persons aggrieved, the circumstances involved, and the remedy sought. The immediate supervisor shall meet with the grievant(s) and an Association Representative, if requested by the grievant, within ten (10) days of receipt of the grievance. The immediate supervisor shall provide a written disposition of the grievance, including the reasons therefore, to the grievant and to the Association President within ten (10) days of such meeting. If the grievant is not satisfied with the disposition of the grievance or if no disposition has occurred within the time limits as expressed above, the grievance may be appealed to Level II.

10.3.2 Level II – Appeal to the Board of Trustees

Notice of the intent to appeal to the Board of Trustees must be made within ten (10) working days of receipt of the Superintendent's written disposition of the Level 1. If the grievant is not satisfied with the disposition of the grievance or if no disposition has occurred within the time limits as expressed above, the grievance may be appealed to Level III.

10.3.3 Level III – Mediation

Should the grievance not be resolved at Level II, the grievant may request, with in 10 days, that the matter be heard by a Mediator from the State Mediation and Conciliation Service. The mediator shall hear the case as soon as practicable and shall work with the parties in an attempt to resolve the issue(s) presented.

10.3.4 Level IV Binding Arbitration

10.3.4.1 Within ten (10) working days of the completion of mediation, the grievant may request in writing that the Association submit the grievance to arbitration. If the Association determines to proceed to arbitration it shall notify the District of the decision and thereafter the District and the Association shall attempt to mutually agree upon an arbitrator to decide the dispute. If, within ten (10) days,

the parties are unable to agree upon an arbitrator, the parties shall request the American Arbitration Association (AAA) to supply a list of arbitrators from which to select. The parties shall use the procedures of the AAA to select the arbitrator. In any event, the AAA Voluntary rules of labor arbitration shall be used as a general guideline. If there are any conflicts the following limitations in 10.3.4.2 shall prevail. The arbitrator's recommendations shall be in writing and will set forth his/her findings of fact, reasoning, and conclusions of the issues submitted. The decision of the arbitrator shall be submitted to the Association and the District and will be final and binding upon the parties. The decision of the arbitrator shall be implemented within fifteen (15) days of receipt by the parties if no date certain is set by the arbitrator. The cost of the arbitration, including travel, per diem, and the cost of a reporter and transcript, if any, will be divided equally between the parties. Each party shall bear the cost of its own representative(s), and witnesses as needed. Release time shall be granted for the grievant(s), Association representatives, and witnesses as needed to attend the hearing. No more than two teachers shall be released on any one day.

10.3.4.2 The arbitrator shall be subject to the following limitations.

10.3.4.2.1 The arbitrator will be without authority to make decisions which require the commission of an act prohibited by law or which is in violation of the terms of this agreement.

10.3.4.2.2 The arbitrator shall have no power to add to, subtract from, disregard, alter, or modify any of the terms of this agreement. The arbitrator shall also be limited to fashioning remedies only within the terms of this agreement.

10.3.4.2.3 The arbitrator shall have no power to establish salary structures or salary schedules.

10.3.4.2.4 The arbitrator shall have no power to validate or invalidate the content of classroom observation documentation or performance evaluations.

10.3.4.2.5 The arbitrator shall have no power to establish or recommend any financial award except for back pay. General and punitive damages shall not be awarded in any case.

10.4 Time Limits

10.4.1 Time limits provided for at each level shall begin the day following receipt of the grievance, grievance appeal or written decision.

10.4.2 Since it is important that grievances be processed as rapidly as possible, the time limits specified at each level should be considered to be maximums and every effort should be made to expedite the process. The time limits may, however, be extended by mutual agreement.

10.4.3 In the event a grievance is filed at such a time that it cannot be processed through all the steps in this grievance procedure by the end of the school year, and, if left unresolved until the beginning of the following school year, could result in harm to the grievant(s), the time limits set forth herein will be reduced so that the procedure may be exhausted prior to the end of the school year or as soon as is practicable.

10.5 Rights of Representation: A unit member alleging a grievance may be represented at all stages of the grievance procedure by an Association designated representative.

10.6 No reprisals: No reprisals of any kind shall be taken against any participant in the grievance procedure by reason of such participation.

10.7 Miscellaneous Provisions: All documents, communications and records dealing with the procession of a grievance will be filed in a separate grievance file and will not be kept in the personnel file of any of the participants.

ARTICLE XI -- ORGANIZATIONAL SECURITY

11.1 Dues Deduction

The District will deduct from the pay of Association members and pay to the Association the normal and regular monthly Association membership dues or fees as voluntarily authorized in writing by the employee on the Association membership form, subject to the following conditions:

11.1.1 The right of payroll deduction for payment of organizational dues shall be accorded exclusively to the Association. Association members who currently have authorization on file for the above purposes need not be re-solicited. Association dues and fees, upon formal written request from the Association to the District, shall be increased or decreased without re-solicitation and

authorization from unit members. Any changes to be made in dues/fees deduction, shall be sent, in writing, to the District by the Association at least twenty (20) days prior to the pay period in which the change is to be made. Pursuant to authorization by the unit member, the District shall deduct one-twelfth (1/12) of the Association dues and fees from the regular salary check of the unit member each month for twelve (12) months. Deductions for unit members who authorize deductions after commencement of the school year shall be appropriately prorated to complete the payment by the end of the school year.

11.1.2 Such deduction shall be made only upon submission of the Association membership form to the designated representative of the District, duly completed and executed by the employee and the Association.

11.1.3 The District shall not be obligated to put into effect any new, changed or discontinued deduction until the pay period commencing twenty (20) days or more after such submission.

11.1.4 With respect to all sums deducted by the District, pursuant to Section 11.1.2 above, the District agrees to promptly remit such monies to the Association and maintain an alphabetical list of unit members for whom such deductions have been made and any changes that may have occurred since the previous list. This document will be provided upon request.

11.2 Organizational Security

11.2.1 Organizational security within the scope of employee representation by the Association requires an employee, as a condition of continued employment, either to join the Knights Ferry Teachers Association, or to pay the organization a fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments of the organization for the duration of this Agreement.

11.2.2 The Association and District agree to furnish each other any information needed to fulfill the provisions of this Article.

11.2.3 Any unit member who qualifies as a religious objector shall not be required to join or financially support the Association as a condition of employment; except that such unit member shall pay, in lieu of agency fee, a sum equal to such agency fee to one of the following examples of non-religious, non-labor organizations, charitable funds exempt from taxation under Section 501 (c) (3) of Title 26 of the Internal Revenue Code:

11.2.3.1 Foundation to Assist California Teachers (FACT)

11.2.3.2 The United Way

11.2.3.3 The American Cancer Society

11.2.4 To receive a religious exemption, the unit member must submit a reasonably detailed written statement establishing the basis for the religious exemption to the Association.

11.2.5 Proof of payment shall be made on an annual basis to the Association and District as a condition of continued exemption from the payment of agency fee. Proof of payment shall be in the form of automatic payroll deduction, receipts, and/or canceled checks indicating the amount paid, date of payment, and to whom payment in lieu of the agency fee has been made. No in-kind services may be received for payments, nor may the payment be in a form other than money such as the donation of used items. Such proof shall be presented on or before the due date for cash dues/fees each school year.

11.2.6 The Association agrees to pay to the District all reasonable legal fees and legal costs incurred in defending against any court action and/or administrative action challenging the legality or constitutionality of the agency fee provisions of this Agreement or their implementation. The Association shall have the exclusive right to decide and determine whether any such action or proceeding referred to above shall or shall not be compromised, resisted, defended, tried or appealed.

ARTICLE XII -- ASSOCIATION RIGHTS

12.1 The Association shall have the right to use the District mail service and unit member mailboxes for communication to the unit members. In addition, the Association shall have the right to use District telephone, computers, e-mail, facsimile, copy machines and other means of communication to unit members. Use of District equipment shall not violate Education Code section 7054.

12.2 The Association shall have the right to post notices of activities and matters of Association concern on a designated Association bulletin board.

12.3 The Association shall have the right to use District facilities for Association meetings. Meetings shall not conflict with student instructional time or other District activities and shall be scheduled so that there is no expense to the District.

ARTICLE XIII -- DISTRICT RIGHTS

- 13.1 All of the rights, powers, and/or authority which the District lawfully exercised prior to the execution of this Agreement shall be retained and remain in full force and effect, except as to those rights powers and authority that are modified, abridged, and/or waived by this Agreement.
- 13.2 The Board of Trustees retains its right to amend, modify or rescind policies and practices referred to in this Agreement in cases of emergency.
- 13.3 An emergency is defined as an event or series of events that constitutes an immediate, unanticipated or potential threat to the health or safety of District staff or students.

ARTICLE XIV -- REDUCTION IN FORCE

Pursuant to Government Code section 3543.2(c), a layoff is defined as a reduction in the number of employees or the number of bargaining unit positions that result in a unit member being released from employment during the term of this Agreement. To implement any such layoff, as defined, the District shall comply with the procedures outlined in the Education Code.

ARTICLE XV -- EVALUATION

- 15.1 This procedure shall be used to improve the instructional abilities of the unit members. Evaluations shall contain positive suggestions for improvement with evidence of administrative and teacher cooperation in the areas identified as needing attention.
- 15.2 Probationary and temporary unit members shall be evaluated each school year. Permanent unit members with less than ten (10) years of experience in the District shall be evaluated in writing at least every other year. Permanent unit members with ten (10) years or more of service in the District and who meet or exceed standards in all areas in previous evaluations during that ten (10) year duration may mutually agree with the Administrator to be evaluated every four years. The unit member or the evaluator may withdraw consent to this four-year evaluation cycle at any time.
- 15.3 Prior to November 1 of each school year, the administrator shall meet with each unit member designated for evaluation in the current year and begin to mutually develop the goals and objectives for that year's evaluation in conformance with Education Code Section 44662.
- 15.4 A conference shall be held after each announced observation. Observations shall consist of both announced and unannounced visitations and shall occur at least once

each year as part of the evaluation process.

- 15.5 The summary evaluation shall be reduced to writing and delivered to the unit member during a conference with the administrator no later than thirty (30) calendar days before the end of the instructional year. The unit member shall be given an opportunity to attach a written statement of his/her views to the evaluation summary. Where a "needs to improve" is indicated, administrative assistance will be offered.
- 15.6 Unit members shall not be required to evaluate other unit members.

ARTICLE XVI – HOURS

- 16.1 It is recognized by both the District and the Association that the job of teaching varies from day-to-day and that in addition to teaching during the day, teachers may be expected to perform other professional duties outside the instructional day. Unit members shall work a day that assures competence in their particular field or occupation. The usual workday for unit members shall begin 15 minutes before school commences and ends 15 minutes after student dismissal. On Minimum Days, the workday will begin and end at the same time as that of a regular school day, except on minimum days during parent conference week and prior to scheduled breaks teachers may leave campus after all of their students have left campus.
- 16.2 Each teacher is entitled to a 30-minute duty free lunch within the workday.
- 16.3 In addition to the professional requirements recognized in Article 16.1, unit members shall be present at Back-to-School Night, Open House, I.E.P. meetings, and teacher or school scheduled parent conferences. Unless there are exceptional circumstances, unit members will attend no more than two (2) staff meetings a month lasting no longer than one (1) hour each. Attendance at the above is required unless the Superintendent/ Principal or designee gives prior approval of an absence due to an unavoidable schedule conflict.
- 16.4 The work-year for unit members who have achieved permanent status as defined in Article 22.1 of this Agreement shall be 183 days. Temporary and/or Probationary unit members shall have a work-year of 183 days. Workdays required by the District beyond the designated number of days will be compensated at the individual's daily rate for each additional full day worked.
- 16.5 The teacher work calendar shall be mutually negotiated and adopted by the Association and the Board prior to the May Board meeting.

ARTICLE XVII – SAFETY

- 17.1 Teachers shall not be required to work in unsafe or hazardous conditions or perform tasks that endanger their health, safety, or well-being.
- 17.2 Upon notification, the District shall attempt to correct any unsafe or hazardous condition within two weeks. Teachers have the responsibility to report any unsafe condition to the administration as soon as practicable.

ARTICLE XVIII – LEAVES

18.1 Personal Illness and Injury:

- 18.1.1 Use of Sick Leave: Sick leave for each year shall be credited to the employee at the beginning of employment and may be used by the employee at any time before it is actually earned, but in the event of termination of employment, an adjustment shall be made in the final pay warrant if the employee has used more sick leave than has been earned. Ten (10) days of sick leave shall be granted to each full-time employee per year. Sick leave for employees on less than full-time duty shall be in proportion as their employment is to full time.
- 18.1.2 Crediting of Sick Leave: At the beginning of the fiscal year following the employee's original employment, the employee shall be credited with the unused portion of accrued sick leave plus the full year's sick leave for the fiscal year.
- 18.1.3 Absence Reports: Reports of personal illness resulting in the use of sick leave shall be directed to the school. If an absence that may continue is anticipated, the teacher shall attempt to notify the school secretary before 2:30 p.m. of the need to continue on sick leave. Verification of illness may be required by the District pursuant to Board Policy/Administrative Regulation 4161.1.
- 18.1.4 The District shall notify all teachers, in writing, by September 1 of each year of their total number of days of accumulated sick leave, including those to which they are entitled for the current school year. A summary report will also be provided at the end of each school year.
- 18.1.5 Any teacher who has accumulated unused sick leave in another school district or county schools office in the State of California at the time he/she is employed shall be given full credit for such unused sick leave if consistent with State law. The District shall provide *clerical* assistance for this purpose.

18.2 Bereavement Leave

18.2.1 A teacher shall be entitled to the use of up to three (3) days of fully paid leave of absence in the event of the death of any member of his/her immediate family or up to five (5) days of such leave if out of state travel or travel within the state of at least 250 miles one way is required.

18.2.2 Members of the immediate family are defined as follows: spouse, mother, mother-in-law, father, father-in-law, son, son-in-law, daughter, daughter-in-law, sister, sister-in-law, brother, brother-in-law, grandparent, grandchild, of the employee or the spouse of the employee, or any person living in the immediate household of the employee.

18.2.3 No charge shall be made against the employee's sick leave account for the use of this leave.

18.2.4 Report of leave shall be made to the school secretary as soon as practical, but prior to the commencement of the leave unless notification is not possible.

18.3 Jury Duty and Court Subpoena

18.3.1 Notification: Employees should notify the District Administration Office of the desire to apply for such leave as soon as possible, prior to the date service must be rendered.

18.3.2 Basis of Pay: Such leaves of absence shall be granted with pay up to the amount of the difference between the employee's regular earnings and the amount received for jury or witness fees, not including reimbursements for transportation expenses. Any checks received for jury or witness fees should not be cashed but rather endorsed to the School District.

18.4 Personal Necessity

Every teacher shall be entitled to use seven (7) days of his/her paid sick leave allotment during each school year for cases of personal necessity. "Personal necessity" means situations dealing with business or personal activities that cannot be dealt with before or after the school day.

18.4.1 Two (2) days of personal necessity may be used each year without providing any specific reason, however, at least one (1) day advance notice shall be required.

18.5 Maternity Leave/Pregnancy Disability:

Period of Absence: the beginning and ending dates of the leave will be determined on

the basis of the teacher's physical condition as certified by her physician. Childbirth or complications arising from pregnancy shall be treated in the same manner as other physical disablements that keep an employee from work, and in accordance with applicable state and federal laws.

18.6 Parental Leave:

A period of up to one (1) year unpaid leave may be granted. This time may be extended by mutual agreement of the parties.

18.7 Miscellaneous Leave

18.7.1 The District may grant additional leaves with or without pay for any reason the District deems appropriate. Purposes of such leaves may include, but not be limited to, child rearing, health, study, travel, or legislative service.

18.7.2 Leaves of absence granted under this section shall not be counted as service time for any purpose except for eligibility for early retirement benefits or eligibility for sabbatical leave when available.

18.7.3 Insurance coverage extended to teachers by action of this Agreement may be continued for teachers on any unpaid leave. The teacher is responsible for submitting a check or money order to the Office prior to the first day of each month, or postdated monthly checks for the duration of the leave. The teacher shall be responsible for the full cost of such insurance. Insurance coverage will cease for any teacher failing to submit the cost of the insurance by the required due date.

18.7.4 Leaves granted under the terms of this article may be extended at the discretion of the District if the teacher requests such extension in writing at least thirty (30) days prior to the scheduled termination of the leave.

18.7.5 Factors to be considered by the District when making a decision relevant to leaves covered by this article shall include:

18.7.5.1 Information provided in the leave application;

18.7.5.2 The needs of the teacher (physical, emotional, etc.)

18.7.5.3 Such other factors the District deems appropriate.

18.7.6 If the request for leave is denied, the District shall notify the teacher in writing, stating the reason for such denial within twenty (20) working days of the

application, if possible.

18.8 Extended Illness Leave

When a unit member is absent from duties on account of illness or accident, after exhausting all accumulated sick leave, for a period of five school months or less, whether or not the absence arises out of or in the course of the employment of the employee, the amount deducted from the salary due the employee for any month in which the absence occurs shall not exceed the sum which is actually paid a substitute employee employed to fill his/her position during the absence or, if no substitute employee was employed, the amount which would have been paid to the substitute had a substitute been employed. A teacher shall not be provided more than one five-month period per illness or accident. However, if a school year terminates before the five-month period is exhausted, the teacher may take the balance of the five-month period in the subsequent school year.

18.9 Industrial Accident and Illness Leave

Leaves of absence are provided, in accordance with provisions of Education Code Section 44984, with the following rules and regulations, in cases of accident or illness arising out of and in the course of employment.

18.9.1 Allowable leave shall be for not less than 60 days during which the schools of the district are required to be in session or when the employee would otherwise have been performing work for the district in any one fiscal year for the same accident;

18.9.2 Allowable leave shall not accumulate from year to year;

18.9.3 Industrial accident or illness leave shall commence on the first day of absence;

18.9.4 When a certificated employee is absent from duties on account of an industrial accident or illness, he/she shall be paid such portion of the salary due for any month in which the absence occurs as when added to any temporary disability payment will result in a payment not to exceed the normal regular salary;

18.9.5 Industrial accident or illness leave shall be reduced by one day for each day of authorized absence regardless of a temporary disability indemnity award.

18.9.6 When an industrial accident or illness leave overlaps into the next fiscal year, the employee shall be entitled to only the amount of unused leave due him for the same illness or injury.

ARTICLE XIX – SALARY & HEALTH AND WELFARE BENEFIT

19.1 Health Benefits

- 19.1.1 The District will contribute \$10,000.00 for each full-time unit members medical and dental benefits.
- 19.2 The Salary Schedules attached as Appendix A to this contract shall remain in force for the 2016-2017 and 2017-2018 school year.
- 19.3 Stipends:
- 19.3.1 Master's Degree -- \$1,000.00
 - 19.3.2 Principal designee -- \$500.00
 - 19.3.3 Student Council Advisor -- \$500.00
 - 19.3.4 Student Newspaper Advisor -- \$500.00
 - 19.3.5 Graduation Coordinator -- \$1,000.00
 - 19.3.6 Outdoor Education -- \$1,000.00
 - 19.3.7 Combination Classes (two grades for majority of day) -- \$1500.00
 - 19.3.8 Average class size through P2 between 25 and 30 -- \$500.00 or
Average class size through P2 of 31 or more -- \$1000.00
- 19.4 Retiree Benefit for Employees
- Employees, who have served the District for 20 or more years, are qualified for STRS retirement and who retire from service as an active employee of the District may request the District to purchase medical and/or dental health benefits for the employee for a period of five years, or until Medicare eligible, (whichever comes first), for up to the amount of the cap at the time of retirement. All benefits shall terminate 90 days after the retiree's death: retiree's spouses are not entitled to survivor benefits. Should the qualified employee decide to forgo the coverage at the time of retirement or should the qualified employee cancel coverage, this benefit will be lost. Employees, that have been continuously opted out since the District changed insurance carriers in 2008 who were grandfathered in to be able to opt out, will need to provide proof of insurance and proof of premiums paid. The employee will then be reimbursed by the District cash for the amount of the premiums paid or the current cap whichever is less.

ARTICLE XX -- SALARY ADVANCEMENT

- 20.1 Units toward salary schedule advancement are given for college or university units taken that apply to a higher degree, that apply to a credential, or to a supplemental license/authorization, or that will serve to augment, improve, maintain, or reinforce

teaching skills.

- 20.2 An employee will not receive credit towards salary schedule advancement for units earned on or before the date of receiving a bachelor's degree unless the units are identified as postgraduate units.
- 20.3 Upper division and graduate level courses or workshops from accredited colleges and or universities will be accepted toward salary advancement provided they meet the requirements of section 20.1.
- 20.4 Approval must be received from the Superintendent/Principal prior to applying a class toward salary schedule advancement. An employee must submit a request for course approval on the appropriate District form to the Superintendent/Principal.
- 20.5 Grades of A, B C, and Pass/Credit will be acceptable for salary advancement purposes. An official transcript or grade report must be submitted to the District.
- 20.6 Employees may not make more than one column advancement per school year. This section shall not preclude any employee from acquiring and using units earned in excess of the amount needed for movement in future school years.
- 20.7 It is the employee's responsibility to submit evidence of units completed to the District prior to September 10th to obtain credit for advancement.
- 20.8 No credit will be applied to the salary schedule for units received in which all of the class, seminar, or workshop fees were paid by the District unless the District required the teacher to attend such a class.
- 20.9 Employees may receive credit for units offered at seminars or workshops for advancement on the salary schedule, provided the units comply with Sections 20.1 and 20.3.
- 20.10 If the District requires special training, the District will agree to allow the teacher to claim one credit unit per fifteen hours that may apply to the salary schedule
- 20.11 New employees, those hired after January 12, 2017 may receive service credit for 15 years of teaching experience to be applied to placement on the salary schedule commensurate with earned post-credential units. Classroom teaching experience outside the public K-12 system will be evaluated for its similarity to typical K-12 teaching and applied as appropriate to salary schedule placement by the superintendent-principal.

ARTICLE XXI – REASSIGNMENT

- 21.1 Notification of Tentative Assignment: Each unit member shall be given notice no later than May 15 of the next year's tentative assignment. Such notice shall specify grade level and any special assignments or subjects to be taught.
- 21.2 Seniority: Seniority is defined as the unit member's initial date of service in paid probationary status pursuant to Education Code section 44844.

ARTICLE XXII -- PERMANENT STATUS

- 22.1 After two (2) years of complete and consecutive service with the District as provided by the California Education Code, teachers will be granted permanent status beginning with the start of their third year.
- 22.2 The District and Association agree that permanent status will be granted pursuant to the applicable sections of the California Education Code.

Ratification

For the Knights Ferry Elementary School District

Ratification

For the Knights Ferry Teachers Association

Janet Skulina
Superintendent/Principal

Date: _____

Randy Russell
KFTA President

Date: _____

Knights Ferry Elementary School District
 12726 Dent Street - P.O. Box 840
 Knights Ferry, CA 95361

2016-2017
 Certificated Employees

STEPS	Credentialed Teacher	+36	+48	+60	+72
	I	II	III	IV	V
ONE	\$37,812	\$38,946	\$40,115	\$41,318	\$42,558
TWO	\$38,946	\$40,114	\$41,318	\$42,557	\$43,834
THREE	\$40,114	\$41,318	\$42,557	\$43,834	\$45,149
FOUR	\$41,318	\$42,557	\$43,834	\$45,149	\$46,503
FIVE	\$42,557	\$43,834	\$45,149	\$46,503	\$47,899
SIX	\$43,834	\$45,149	\$46,503	\$47,899	\$49,335
SEVEN	\$45,149	\$46,503	\$47,899	\$49,335	\$50,816
EIGHT	\$46,503	\$47,899	\$49,335	\$50,816	\$52,340
NINE	\$47,899	\$49,335	\$50,816	\$52,340	\$53,910
TEN	\$49,335	\$50,816	\$52,340	\$53,910	\$55,527
ELEVEN		\$52,340	\$53,910	\$55,527	\$57,193
TWELVE		\$53,910	\$55,527	\$57,193	\$58,909
THIRTEEN		\$55,527	\$57,193	\$58,909	\$60,677
FOURTEEN			\$58,909	\$60,677	\$62,496
FIFTEEN			\$60,677	\$62,496	\$64,372
SIXTEEN				\$64,372	\$66,302
SEVENTEEN				\$66,302	\$68,292
EIGHTEEN					\$70,340
TWENTY					\$72,451
TWENTY-TWO					\$74,624
TWENTY-FOUR					\$76,863
TWENTY-SIX					\$78,015
TWENTY-EIGHT					\$79,186

NOTE:

1. New teachers may transfer 15 years of service credit.
2. \$1,000 will be paid to holders of a Master's Degree.
3. Principal Designee for the current year will be paid an additional \$500 per year.
4. District pays Medical and Dental Insurance for employee and dependents up to \$10,000 per year.
5. Stipends for the following: \$500 Student Council, \$500 Student Newspaper, \$1,000 8th grade graduation, \$1,000 for sixth grade camp.
6. Salary schedule is for 183 day work schedule. Days beyond 183 days will be compensated at 1/183 of yearly compensation for each day.
7. Teaching stipends for the following: \$1,500 for combination classes (two grades for majority of day), \$500 for classes between 25 and 30, and \$1,000 for classes of 31 or more (average class size through P2).

Knights Ferry Elementary School District

12726 Dent Street - P.O. Box 840

Knights Ferry, CA 95361

Phone (209) 881-3382

2016-2017

Classified Employees

STEPS	Paraprofessional	Custodial/ Maintenance	Secretary
ONE	\$ 10.92	\$ 11.77	\$ 12.91
TWO	\$ 11.25	\$ 12.12	\$ 13.30
THREE	\$ 11.58	\$ 12.47	\$ 13.69
FOUR	\$ 11.93	\$ 12.86	\$ 14.10
FIVE	\$ 12.28	\$ 13.24	\$ 14.52
SIX	\$ 12.66	\$ 13.63	\$ 14.96
SEVEN	\$ 13.04	\$ 14.04	\$ 15.41
EIGHT	\$ 13.42	\$ 14.46	\$ 15.87
NINE	\$ 13.83	\$ 14.90	\$ 16.35
TEN	\$ 14.24	\$ 15.35	\$ 16.84
ELEVEN	\$ 14.67	\$ 15.81	\$ 17.34
WORKYEAR	181 Days	Varies	181
Holidays	9 Days	9 Days	9 Days
Vac. Days as of Hire	<u>10 Days</u>	<u>10 Days</u>	<u>10 Days</u>
TOTAL	200 Days	Varies	200 Days
Vac. Days after 10 Yrs.	<u>5 Days</u>	<u>5 Days</u>	<u>5 Days</u>
TOTAL	205 Days	Varies	205 Days
Vac. Days after 15 Yrs.	<u>5 Days</u>	<u>5 Days</u>	<u>5Days</u>
TOTAL	210 Days	Varies	210 Days

HEALTH BENEFITS: None

SUBSTITUTES: If substitutes are hired, it shall be at the rate of Step 1.

SERVICE CREDIT: New employees will receive no more than four years credit for previous employment. Salary will be divided over 12 months of employment. Additional hours will be at the discretion of the Superintendent.

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2016-2017

Confidential Employees

STEPS	3% Column		
ONE	\$	\$	18.79
TWO	\$	\$	19.35
THREE	\$	\$	19.93
FOUR	\$	\$	20.53
FIVE	\$	\$	21.14
SIX	\$	\$	21.77
SEVEN	\$	\$	22.43
EIGHT	\$	\$	23.11
NINE	\$	\$	23.80
TEN	\$	\$	24.51
ELEVEN	\$	\$	25.25
TWELVE	\$	\$	26.01
THIRTEEN	\$	\$	26.79
FOURTEEN	\$	\$	27.59
FIFTEEN	\$	\$	28.42
SIXTEEN	\$	\$	29.26
EIGHTEEN	\$	\$	30.15
TWENTY	\$	\$	31.05
TWENTY-TWO	\$	\$	31.98
TWENTY-FOUR	\$	\$	32.95

BENEFITS: 8 hours per day: receive full major medical and dental
up to \$10,000.00 per year.

215 Work Days

Knights Ferry Elementary School District
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Knights Ferry, CA 95361

2017-2018
Certificated Employees

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FIVE	\$43,833	\$45,149	\$46,503	\$47,899	\$49,335
SIX	\$45,149	\$46,503	\$47,899	\$49,335	\$50,815
SEVEN	\$46,503	\$47,899	\$49,335	\$50,815	\$52,340
EIGHT	\$47,899	\$49,335	\$50,815	\$52,340	\$53,910
NINE	\$49,335	\$50,815	\$52,340	\$53,910	\$55,528
TEN	\$50,815	\$52,340	\$53,910	\$55,528	\$57,193
ELEVEN		\$53,910	\$55,528	\$57,193	\$58,908
TWELVE		\$55,528	\$57,193	\$58,908	\$60,676
THIRTEEN		\$57,193	\$58,908	\$60,676	\$62,497
FOURTEEN			\$60,676	\$62,497	\$64,371
FIFTEEN			\$62,497	\$64,371	\$66,303
SIXTEEN				\$66,303	\$68,292
SEVENTEEN				\$68,292	\$70,340
EIGHTEEN					\$72,450
TWENTY					\$74,624
TWENTY-TWO					\$76,863
TWENTY-FOUR					\$79,168
TWENTY-SIX					\$80,356
TWENTY-EIGHT					\$81,561

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FIVE	\$ 12.65	\$ 13.63	\$ 14.96
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SERVICE CREDIT: New employees will receive no more than four years credit for previous employment. Salary will be divided over 12 months of employment. Additional hours will be at the discretion of the Superintendent.

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Confidential Employees

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EIGHT	\$	\$	23.80
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TEN	\$	\$	25.24
ELEVEN	\$	\$	26.01
TWELVE	\$	\$	26.79
THIRTEEN	\$	\$	27.59
FOURTEEN	\$	\$	28.42
FIFTEEN	\$	\$	29.27
SIXTEEN	\$	\$	30.14
EIGHTEEN	\$	\$	31.05
TWENTY	\$	\$	31.98
TWENTY-TWO	\$	\$	32.94
TWENTY-FOUR	\$	\$	33.93

BENEFITS: 8 hours per day: receive full major medical and dental
up to \$10,000.00 per year.

215 Work Days

