

**WHEATLAND  
ELEMENTARY  
SCHOOL DISTRICT**



**ANNUAL  
FINANCIAL  
REPORT**

**JUNE 30, 2016**





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**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

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

Wheatland Elementary School District's 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 *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810, et seq. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

RT DENNIS  
ACCOUNTANCY

## **Opinion**

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

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison, pension, and OPEB schedules on pages 5 through 18 and 61 through 64, respectively, 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 Wheatland Elementary School District's basic financial statements. The accompanying supplementary information; the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F-Audit Requirements ("Uniform Guidance"), the Local Education Agency Organization Structure, the Schedule of Average Daily Attendance, the Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, the Schedule of Charter Schools, and the Note to Supplementary Information, as required by the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810, et seq; and the Combining Statements of Non-Major Governmental Funds are all presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Local Education Agency Organization Structure, the Schedule of Average Daily Attendance, the Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, the Schedule of Charter Schools, and the Note to Supplementary Information are all 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 Schedule of Expenditures of Federal Awards, the Local Education Agency Organization Structure, the Schedule of Average Daily Attendance, the Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, the Schedule of Charter Schools, and the Note to Supplementary Information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Combining Statements of Non-Major Governmental Funds has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of Wheatland Elementary 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 Wheatland Elementary School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "R. J. Dennis Accountancy". The signature is written in a cursive style and is positioned above a large, decorative flourish that consists of a horizontal line with a large loop underneath it.

November 18, 2016



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

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

### FINANCIAL HIGHLIGHTS

- ▶ Total net position was \$28.6 million at June 30, 2016. This was a decrease of almost \$1.2 million over the beginning balance.
- ▶ Overall revenues was almost \$16.6 million, which was less than expenses of \$17.7 million.
- ▶ The net cost of the District's programs (expenses after program revenues) was almost \$14.7 million.
- ▶ The general fund reported a decrease in fund balance this year of almost \$367,000.
- ▶ The resources available for appropriation were \$415,000 more than budgeted for the General Fund, and we kept expenditures within spending limits by \$1.1 million.

**OVERVIEW OF FINANCIAL STATEMENTS**

**Components of the Financials Section**

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*, which presents federal awards, state required schedules, and combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

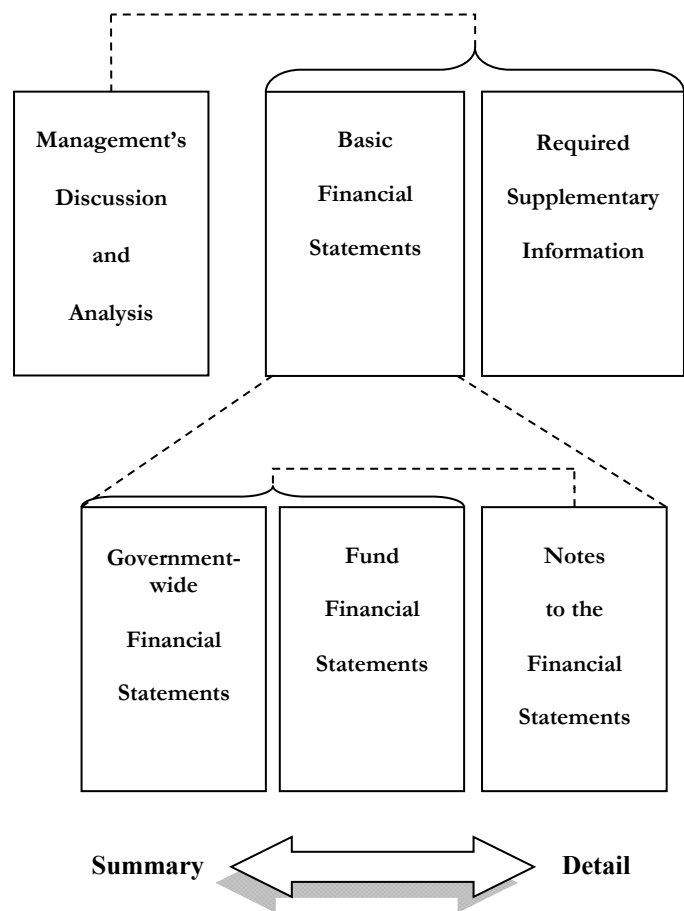
**Figure A-1  
 Required Components of Wheatland Elementary School District’s Annual Financial Report**

- ❖ The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.
- ❖ The remaining statements are *fund financial statements* that focus on *individual parts* of the District government, reporting the District’s operations in *more detail* than the government-wide statements.

– The *governmental funds* statements tell how *general government* services like (education, facilities related, etc. )were financed in the *short term* as well as what remains for future spending.

– *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the self-insurance fund.

– *Fiduciary fund* statements provide information about the financial relationships—like the ASB—in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2016

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The figure above shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with additional federal and state required information, as well as a detail of the nonmajor funds.

Major Features of Wheatland Elementary School District’s Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds) and the District’s component units	The activities of the District that are not proprietary or fiduciary, such as self-insurance, ASB.	Activities the District operates similar to private businesses self-insurance	Instances in which the District is the trustee or agent for someone else’s resources, such as the associated student body accounts
Required financial statements	<ul style="list-style-type: none"> <li>❖ Statement of net position</li> <li>❖ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>❖ Balance sheet</li> <li>❖ Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>❖ Statement of net position</li> <li>❖ Statement of revenues, expenses and changes in net position</li> <li>❖ Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>❖ Statement of fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2016

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#### District-Wide Statements

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

The two district-wide statements report the District's *net position* and how they have changed. Net position—the difference between the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources—are one way to measure the District's financial health or *position*.

- ❖ Over time, increases or decreases in the District's net positions are an indicator of whether its financial position is improving or deteriorating, respectively.
- ❖ To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities. In the district-wide financial statements, the District's *Governmental activities*—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

#### Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or “major” funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- ❖ Some funds are required by State law and by bond covenants.
- ❖ The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- ❖ *Governmental funds*—Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at yearend that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
JUNE 30, 2016

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- ❖ *Proprietary funds*—Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
  - We use *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for the District's other programs and activities. The district currently has one internal service fund—the workers' compensation fund.
  
- ❖ *Fiduciary funds*—The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2016

FINANCIAL ANALYSIS OF THE District AS A WHOLE

Net Position

The District’s net position decreased between fiscal years 2015 and 2016—decreasing to \$28.6 million. (See Table 1.)

Table 1 - Net Position

<i>(amounts in thousands)</i>	2016	2015	\$ Change	% Change
<b>ASSETS</b>				
Current assets	\$ 17,821	\$ 18,721	\$ (900)	-5%
Capital assets, net	25,057	25,548	(491)	-2%
<b>Total Assets</b>	42,878	44,269	(1,391)	-3%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	2,373	898	1,475	164%
<b>LIABILITIES</b>				
Current liabilities	156	251	(95)	-38%
Non-current liabilities	13,879	11,387	2,492	22%
<b>Total Liabilities</b>	14,035	11,638	2,397	21%
<b>DEFERRED INFLOW OF RESOURCES</b>				
	2,655	3,793	(1,138)	-30%
<b>NET POSITION</b>				
Net investment in capital assets	24,622	25,575	(953)	-4%
Restricted	1,355	1,885	(530)	-28%
Unrestricted	2,584	2,276	308	14%
<b>Total Net Position</b>	\$ 28,561	\$ 29,736	\$ (1,175)	-4%

The net position decreased four percent to \$28.6 million. Some of the components either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, and so on). Consequently, the *unrestricted* component of net position showed almost \$2.6 million at the end of this year.

In addition, the net position was adversely affected by two particular features of the District’s recent financial activity:

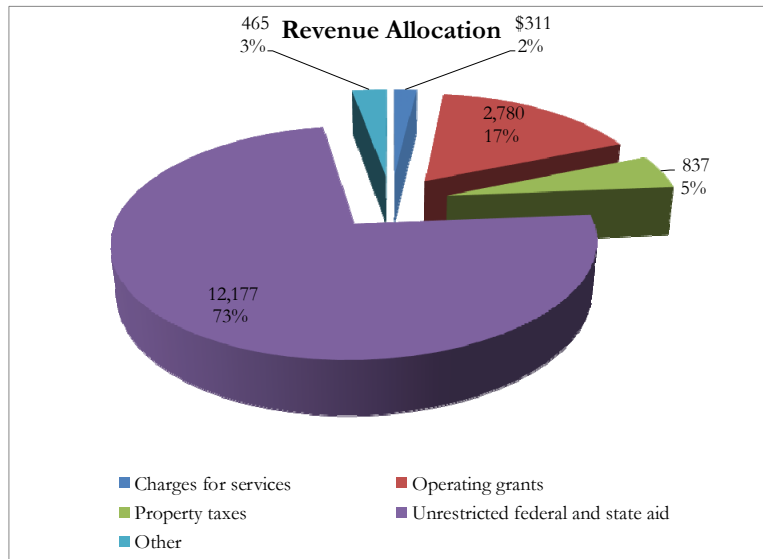
- ❖ While there were some capital asset increases, there was more depreciation in the current year.
- ❖ Pension liability significantly increased this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

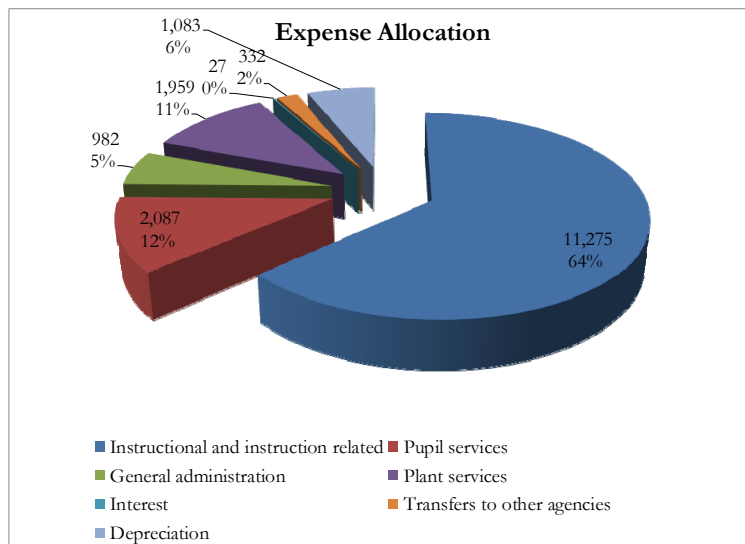
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2016

Changes in Net Position

The District’s total revenue decreased slightly to \$16.57 million. (See Table 2.) Almost three-quarters of the District’s revenue comes from LCFF, state aid. Seventeen cents of every dollar raised comes from some type of grant. (See Revenue Allocation.) The rest come from fees charged for services, and miscellaneous revenue.



The total cost of all programs and services increased about \$0.5 million. The District’s expenses cover a range of services, with more than half related to instruction and instruction related. (See Expense Allocation.)



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2016

Governmental Activities

Revenues for the District decreased slightly; while total expenses increased three percent.

Table 2 - Changes in Net Position

<i>(amounts in thousands)</i>	2016	2015	\$ Change	% Change
<b>REVENUES</b>				
Program revenues				
Charges for services	\$ 311	\$ 312	\$ (1)	0%
Operating grants	2,780	2,916	(136)	-5%
General revenues				
Property taxes	837	716	121	17%
Unrestricted federal and state aid	12,177	11,882	295	2%
Other	465	757	(292)	-39%
<b>Total Revenues</b>	16,570	16,583	(13)	0%
<b>EXPENSES</b>				
Instructional and instruction related	11,275	10,662	613	6%
Pupil services	2,087	2,019	68	3%
General administration	982	1,089	(107)	-10%
Plant services	1,959	1,967	(8)	0%
Interest	27	53	(26)	n/a
Transfers to other agencies	332	465	(133)	-29%
Depreciation	1,083	938	145	15%
<b>Total Expenses</b>	17,745	17,193	552	3%
Special items	-	1,360	(1,360)	n/a
<b>Excess (deficiency)</b>	\$ (1,175)	\$ 750	\$ (1,925)	257%

Grant revenue lagged from 2015 to 2016 as the GREAT Grant and the GBG (Good Behavior Game) grant ended in 2016 and there was a minor decrease in the ASES grant.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2016

Table 3 presents the cost of each of the District’s four largest programs—instruction, instruction related, student services, and plant services—plus all others, as well as each program’s *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions.

- ❖ The cost of all *governmental* activities this year was \$17.7 million.
- ❖ Some of the cost was paid by:
  - Those who directly benefited from the programs (\$311,000), or
  - Other governments and organizations that subsidized certain programs with grants and contributions (\$2.8 million).
- ❖ The District paid for the \$14.6 million “public benefit” portion with \$13.5 million in unrestricted federal and state aid, and with other revenues such as property taxes.

**Table 3 - Net Cost of Governmental Activities**

<i>(amounts in thousands)</i>	Total Cost of Services		Net Cost of Services			
	2016	2015	2016	2015	\$ Change	% Change
Instruction	\$ 9,456	\$ 8,795	\$ 8,153	\$ 7,647	506	7%
Instruction related	1,819	1,867	1,734	1,779	(45)	-3%
Student services	2,087	2,019	861	764	97	13%
Plant services	1,959	1,967	1,715	1,888	(173)	-9%
Other	2,424	2,545	2,191	1,887	304	16%
<b>Total</b>	<b>\$ 17,745</b>	<b>\$ 17,193</b>	<b>\$ 14,654</b>	<b>\$ 13,965</b>	<b>\$ 689</b>	<b>5%</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statement

As the District completed the year, its funds reported a *combined* fund balance of \$16.2 million, \$782,000 below last year.

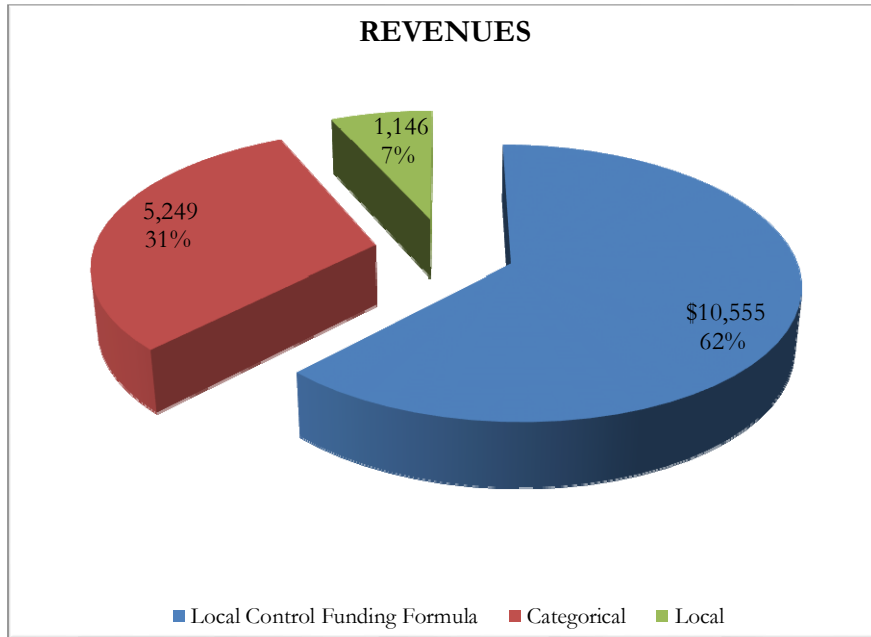
Table 4 - Funds' Performance

	Governmental Funds			
	(amounts in thousands)	2016	2015	\$ Change % Change
<b>REVENUES</b>				
Local Control Funding Formul	\$ 10,555	\$ 11,185	\$ (630)	-6%
Categorical	5,249	4,187	1,062	25%
Local	1,146	2,846	(1,700)	-60%
<b>Total Revenues</b>	<b>16,950</b>	<b>18,218</b>	<b>(1,268)</b>	<b>-7%</b>
<b>EXPENDITURES / EXPENSES</b>				
Certificated	6,861	6,283	578	9%
Classified	3,799	3,696	103	3%
Benefits	3,668	3,281	387	12%
Books and supplies	1,190	1,722	(532)	-31%
Services and other operating exp	1,260	1,390	(130)	-9%
Capital outlay	592	1,213	(621)	-51%
Other outgo	363	465	(102)	-22%
<b>Total Expenditures</b>	<b>17,733</b>	<b>18,050</b>	<b>(317)</b>	<b>-2%</b>
<b>NET CHANGE IN</b>				
<b>FUND BALANCE</b>	<b>\$ (783)</b>	<b>\$ 168</b>	<b>\$ (951)</b>	<b>566%</b>

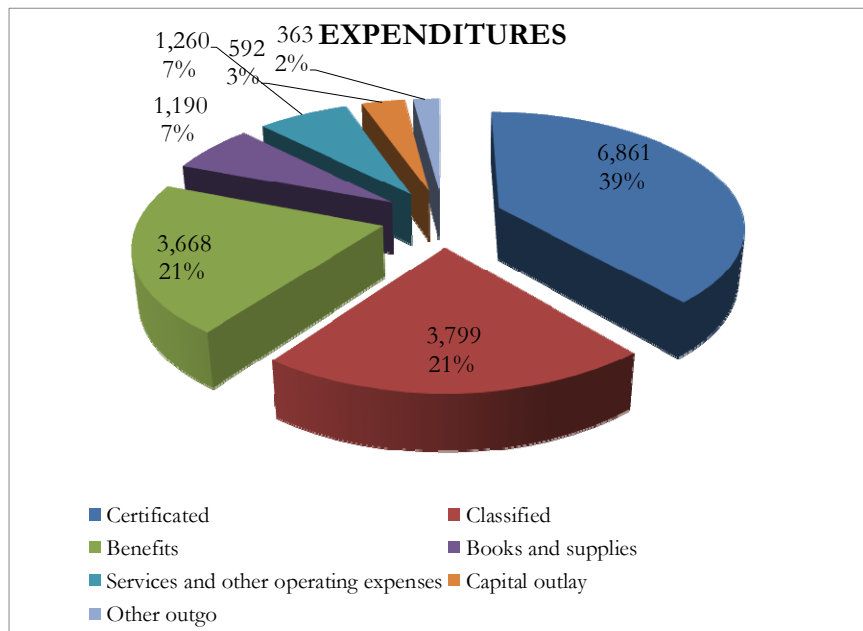
WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
JUNE 30, 2016

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These graphs represent the fund expenditures by object code.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2016

**General Fund Budgetary Highlights**

Over the course of the year, the School Board revised the District budget several times. These budget amendments fall into three categories:

- ❖ Amendments and supplemental appropriations approved in December (1<sup>st</sup> Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2015).
- ❖ Increases in appropriations to prevent budget overruns .

Even with these adjustments, actual expenditures were almost \$1.1 million below final budget amounts. The most significant variance resulted from not purchasing a replacement bus.

On the other hand, resources available for appropriation were \$415,000 above the final budgeted amount.

**Table 5 - General Fund and Budget Performance**

<i>(amounts in thousands)</i>	General Fund Activity			General Fund Budget		
	2016	2015	% Diff.	Original Budget	Final Budget	% Diff.
<b>REVENUES</b>						
Local Control Funding Formulu \$	9,845	\$ 10,488	-6%	\$ 9,809	\$ 9,904	1%
Categorical	4,032	3,003	34%	2,353	3,689	57%
Local	890	1,203	-26%	582	760	31%
<b>Total Revenues</b>	<b>14,767</b>	<b>14,694</b>	<b>0%</b>	<b>12,744</b>	<b>14,353</b>	<b>13%</b>
<b>EXPENDITURES</b>						
Certificated	6,338	5,797	9%	6,378	6,414	1%
Classified	3,301	3,010	10%	3,376	3,305	-2%
Benefits	3,373	2,920	16%	3,083	3,247	5%
Supplies and services	1,768	2,443	-28%	1,947	2,618	34%
Other	324	698	-54%	455	641	41%
<b>Total Expenditures</b>	<b>15,104</b>	<b>14,868</b>	<b>2%</b>	<b>15,239</b>	<b>16,225</b>	<b>6%</b>
<b>Net financing activities</b>	<b>(31)</b>	<b>(31)</b>	<b>0%</b>	<b>(31)</b>	<b>(31)</b>	<b>0%</b>
<b>NET CHANGE IN FUND B \$</b>	<b>(368)</b>	<b>\$ (205)</b>	<b>-80%</b>	<b>\$ (2,526)</b>	<b>\$ (1,903)</b>	<b>25%</b>



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
JUNE 30, 2016

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had invested \$25.1 million in a broad range of capital assets, including buildings, building improvements, and equipment. (See Table 6.) This amount represents a net decrease of \$491,000 assets over last year.

**Table 6 - District's Capital Assets**

<i>(amounts in thousands)</i>	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	<b>% Change</b>
Land and const. in progress	\$ 362	\$ 1,295	\$ (933)	-72%
Buildings and equipment	36,663	35,138	1,525	4%
Accumulated depreciation	(11,968)	(10,885)	(1,083)	10%
<b>Total Capital Assets</b>	<b>\$ 25,057</b>	<b>\$ 25,548</b>	<b>\$ (491)</b>	<b>-2%</b>

This year's net capital asset additions included (\$592,000):

- ❖ Completion of energy efficiency projects and asphalt paving
- ❖ Technology upgrades

Long-Term Liabilities

The District also had \$13.9 million in pension, OPEB, a lease, and compensated absences—as shown in Table 7. More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

**Table 7 - District's Long Term Liabilities**

<i>(amounts in thousands)</i>	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	<b>% Change</b>
Net pension liabilities	12,822	10,321	2,501	24%
Net OPEB	614	600	14	2%
Compensated absences	70	62	8	13%
Capital leases	404	435	(31)	-7%
Less current portion	(31)	(31)	-	0%
<b>Total Long-term Liabilities</b>	<b>\$ 13,879</b>	<b>\$ 11,387</b>	<b>\$ 2,492</b>	<b>22%</b>

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2016

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#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- ❖ The prior State economic/budget crisis has caused major concerns to the District. The lengthy eight year planned phase in of LCFF, leads to apprehensions that the annual State budget will appropriately allocate the new funds required to meet the full funding for our District.
- ❖ The recent Federal economic/budget crisis has left the District with reductions to its Impact Aid funding and concerns over future reductions. This can have a profound impact on the financial health of the District. Besides Impact Aid funding, the District's Federal Child Development funds, Title I, Title II and National School Lunch Program must be closely monitored.
- ❖ The District successfully passed Measure R General Obligation Bond in November 2008. No bonds have been issued on this \$5.7 Million measure.
- ❖ The budget assumptions used to prepare the budget for 2016-17 include a 3% on-schedule increase to all certificated, classified, secretarial, confidential, administrative, and management employees. Estimated step and column increases were budgeted for all employees.
- ❖ Annual retirement increases in both the STRS and PERS systems are significant through 2020-21. Employer rates will reach an estimated 19.10% and 20.4% at that time.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact the Superintendent at 111 Main Street, Wheatland, CA 95692 (530) 633-3130.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
 JUNE 30, 2016

	<b>Governmental</b>
	<i>(Amounts in thousands)</i> <b>Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 17,038
Accrued receivables	762
Inventory	21
Capital assets, not depreciable	362
Capital assets, depreciable, net	24,695
<b>Total Assets</b>	<b>42,878</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,373</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 45,251</b>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 53
Unearned revenue	72
Long-term obligations, current portion	31
Long-term obligations, net pension liability	13,879
<b>Total Liabilities</b>	<b>14,035</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,655</b>
<b>NET POSITION</b>	
Net investment in capital assets	24,622
Restricted for	
Capital projects	330
Educational programs	1,025
Unrestricted	2,584
<b>Total Net Position</b>	<b>28,561</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 45,251</b>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Instruction	\$ 9,454	\$ 11	\$ 1,292	\$ (8,151)
Instruction-related services				
Instructional supervision and administration	124	-	55	(69)
Instructional library, media, and technology	487	8	1	(478)
School site administration	1,209	1	21	(1,187)
Pupil services				
Home-to-school transportation	493	-	-	(493)
Food services	617	166	453	2
All other pupil services	978	57	551	(370)
General administration				
All other general administration	982	1	77	(904)
Plant services	1,959	65	179	(1,715)
Interest on long-term debt	27			(27)
Transfer to other agencies	332	2	151	(179)
Depreciation (unallocated)	1,083	-	-	(1,083)
<b>Total Governmental Activities</b>	<b>\$ 17,745</b>	<b>\$ 311</b>	<b>\$ 2,780</b>	<b>(14,654)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				837
Federal and state aid not restricted for specific purposes				12,177
Interest and investment earnings				127
Interagency revenues				39
Miscellaneous				299
<b>Subtotal, General Revenue</b>				<b>13,479</b>
<b>CHANGE IN NET POSITION</b>				<b>(1,175)</b>
<b>Net Position - Beginning</b>				<b>29,736</b>
<b>Net Position - Ending</b>				<b>\$ 28,561</b>

The accompanying notes are an integral part of these financial statements

**GOVERNMENTAL FUNDS BALANCE SHEET**

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016

	General Fund	Charter School Fund	Special Reserve Fund for Capital
<b>ASSETS</b>			
Deposits and investments	\$ 10,550,436	\$ 473,475	\$ 4,026,382
Accrued receivables	521,914	2,551	128,811
Due from other funds	85,528	-	1
Stores inventory	-	-	-
<b>Total Assets</b>	<b>\$ 11,157,878</b>	<b>\$ 476,026</b>	<b>\$ 4,155,194</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 51,849	\$ 115	\$ -
Due to other funds	-	68,190	-
Unearned revenue	72,324	-	-
<b>Total Liabilities</b>	<b>124,173</b>	<b>68,305</b>	<b>-</b>
<b>FUND BALANCES</b>			
Non-spendable	13,450	-	-
Spendable			
Restricted	998,042	26,984	285,394
Committed	-	-	-
Assigned	2,604,612	380,737	3,869,800
Unassigned	7,417,601	-	-
<b>Total Fund Balances</b>	<b>11,033,705</b>	<b>407,721</b>	<b>4,155,194</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,157,878</b>	<b>\$ 476,026</b>	<b>\$ 4,155,194</b>

The accompanying notes are an integral part of these financial statements

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<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 538,500	\$ 15,588,793
105,736	759,012
-	85,529
21,269	21,269
<hr/>	<hr/>
\$ 665,505	\$ 16,454,603
<hr/>	<hr/>
\$ 831	\$ 52,795
17,339	85,529
-	72,324
<hr/>	<hr/>
18,170	210,648
<hr/>	<hr/>
21,269	34,719
44,940	1,355,360
274,707	274,707
306,419	7,161,568
-	7,417,601
<hr/>	<hr/>
647,335	16,243,955
<hr/>	<hr/>
\$ 665,505	\$ 16,454,603
<hr/>	<hr/>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

(\$ Amounts in thousands)

**Total Fund Balance - Governmental Funds** \$ 16,244

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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

	Capital assets	\$ 37,025	
	Accumulated depreciation	(11,968)	25,057

Long-term liabilities:

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

	Net pension liability	12,822	
	Compensated absences	70	
	Capital leases payable	404	(13,296)

Deferred outflows and inflows of resources relating to pensions:

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

	Deferred outflows of resources relating to pensions	2,373	
	Deferred inflows of resources relating to pensions		(2,655)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. net position for internal service funds are:

838

**Total Net Position - Governmental Activities** \$ 28,561

The accompanying notes are an integral part of these financial statements



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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS

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

	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects
<b>REVENUES</b>			
Local Control Funding Formula ("LCFF") Sources	\$ 9,844,773	\$ 645,392	\$ -
Federal sources	2,139,273	-	-
Other State sources	1,892,376	86,507	111,429
Other local sources	890,253	3,901	33,798
<b>Total Revenues</b>	<b>14,766,675</b>	<b>735,800</b>	<b>145,227</b>
<b>EXPENDITURES</b>			
Current			
Instruction	8,897,432	483,876	-
Instruction-related services			
Instructional supervision and administration	67,887	-	-
Instructional library, media, and technology	493,759	-	-
School site administration	1,093,426	153,303	-
Pupil services			
Home-to-school transportation	479,229	20,000	-
Food services	-	-	-
All other pupil services	996,646	-	-
General administration			
All other general administration	975,822	-	-
Plant services	1,723,822	84,259	76,844
Transfers to other agencies	316,656	15,047	-
Facilities acquisition and construction	-	-	552,337
Debt service	58,258	-	-
<b>Total Expenditures</b>	<b>15,102,937</b>	<b>756,485</b>	<b>629,181</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	(336,262)	(20,685)	(483,954)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(30,714)	-	-
<b>Net Financing Sources (Uses)</b>	<b>(30,714)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(366,976)</b>	<b>(20,685)</b>	<b>(483,954)</b>
<b>Fund Balance - Beginning</b>	<b>11,400,681</b>	<b>428,406</b>	<b>4,639,148</b>
<b>Fund Balance - Ending</b>	<b>\$ 11,033,705</b>	<b>\$ 407,721</b>	<b>\$ 4,155,194</b>

The accompanying notes are an integral part of these financial statements

<b>Non-Major Governmental Funds</b>		<b>Total Governmental Funds</b>	
\$	65,170	\$	10,555,335
	483,610		2,622,883
	536,036		2,626,348
	217,647		1,145,599
	<u>1,302,463</u>		<u>16,950,165</u>
	415,278		9,796,586
	59,752		127,639
	-		493,759
	-		1,246,729
	-		499,229
	620,996		620,996
	-		996,646
	23,997		999,819
	84,360		1,969,285
	-		331,703
	39,307		591,644
	-		58,258
	<u>1,243,690</u>		<u>17,732,293</u>
	58,773		(782,128)
	30,714		30,714
	-		(30,714)
	<u>30,714</u>		-
	89,487		(782,128)
	<u>557,848</u>		<u>17,026,083</u>
\$	<u>647,335</u>	\$	<u>16,243,955</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

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*(\$ Amounts in thousands)*

Net Change in Fund Balances - Governmental Funds \$ (782)

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

Capital outlay:

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

Expenditures for capital outlay:	592	
Depreciation expense:	(1,083)	(491)

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Debt service:

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

31

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

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*(\$ Amounts in thousands)*

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(8)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

111

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

(36)

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**Change in net position of Governmental Activities**

**\$ (1,175)**

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2016

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Insurance</u>
<b>ASSETS</b>	
Current assets	
Deposits and investments	\$ 1,448,874
Accrued receivables	3,220
<b>Total Assets</b>	<b>\$ 1,452,094</b>
<b>LIABILITIES</b>	
Non-current liabilities, OPEB	\$ 613,618
<b>NET POSITION</b>	
Unrestricted	838,476
<b>Total Liabilities and Net Position</b>	<b>\$ 1,452,094</b>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Insurance</u>
<b>OPERATING EXPENSE</b>	
Professional services	\$ 48,331
<b>NON-OPERATING REVENUE</b>	
Interest income	12,032
<b>CHANGE IN NET POSITION</b>	<u>(36,299)</u>
<b>Net Position - Beginning</b>	<u>874,775</u>
<b>Net Position - Ending</b>	<u>\$ 838,476</u>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016

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	<u>Governmental Activities</u> <u>Internal Service Fund</u>  <u>Self-Insurance</u>
<b>Cash flows to operating activities</b>	
Cash payments for insurance claims	\$ (34,640)
<b>Cash flows from investing activities</b>	
Interest received	10,796
NET DECREASE IN CASH	(23,844)
<b>CASH</b>	
Beginning of year	1,472,718
End of year	\$ 1,448,874
<b>Reconciliation of operating activities</b>	
Operating loss	\$ (48,331)
Increase in claims liabilities	13,691
<b>Net cash used by operating activities</b>	\$ (34,640)

The accompanying notes are an integral part of these financial statements



WHEATLAND ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016

	Beginning Balance	Additions	Deletions	ASB Agency Funds
<b>ASSETS</b>				
Deposits with financial institutions	\$ 105,393	\$ 52,578	\$ 66,881	\$ 91,090
<b>LIABILITIES</b>				
Due to student groups:				
Bear River	50,501	17,381	25,027	\$ 42,855
Wheatland	18,727	9,731	10,678	17,780
Lone Tree	27,535	22,000	26,273	23,262
Wheatland Charter	3,221	797	793	3,225
Pre-school	5,419	2,659	4,110	3,968
<b>Total Liabilities</b>	<b>\$ 105,403</b>	<b>\$ 52,568</b>	<b>\$ 66,881</b>	<b>\$ 91,090</b>

The accompanying notes are an integral part of these financial statements

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### ***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

#### **1 - A. Financial Reporting Entity**

The Wheatland Elementary School District (the “District”) or Local Educational Agency (“LEA”) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees (Board) elected by registered voters of the District, which comprises an area in Yuba County. The District was established in 1871, when the former Bear River School District was divided into Virginia and Wheatland School Districts, and serves students in grades K-8.

The Wheatland Charter Academy (the “Charter”) was approved on March 7, 2001 and began operations in August of 2001. The Charter is not a separate legal entity; however, it does have a governance council consisting of the District Superintendent, a Charter teacher, a Charter parent, a local community representative, a Beale Air Force Base representative and a member of the District. The activity for the Charter is in the Charter School Fund.

A reporting entity is comprised of the primary government, component units, 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, and agencies that are not legally separate from the District. For Wheatland Elementary School District, this includes general operations, food service, and student related activities of the District.

#### **1 - B. Other Related Entities**

**Joint Powers Authority (JPA).** The District is associated with four joint powers agencies’. These organizations do not meet the criteria for inclusion as component units of the District. Summarized financial statements are presented in Note 12 to the financial statements. These organizations are:

- ❖ North Valley Schools Insurance Group (“NVSIG”)
- ❖ Tri-County Schools Insurance Group (“TCSIG”)
- ❖ Central Valley Trust (“CVT”)
- ❖ School Project for Utility Rate Reduction (“SPURR”)

#### **1 - C. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. 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 of 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.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2016

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**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

*Governmental funds* are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

*Proprietary funds* are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the LEA, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

*Fiduciary funds* are used to account for assets held by the LEA in a trustee or agency capacity for others that cannot be used to support the LEA's own programs.

#### **Major Governmental Funds**

**General Fund.** The general fund is the main operating fund of the LEA. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of an LEA's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. An LEA may have only one general fund.

**Charter School Fund.** This fund may be used by authorizing LEAs to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEA's general fund. If an LEA uses this fund for any of a charter school's operating activities, it should use this fund for all of the charter school's operating activities.

**Special Reserve Fund for Capital Outlay Projects.** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (Education Code Section 42840).

#### **Non-Major Governmental Funds**

**Special Revenue Funds** are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities 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:

**Child Development Fund.** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by an LEA for, or from the operation of, child development services covered under the Child Care and Development Services Act (Education Code Section 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (Education Code Section 8328).

**Cafeteria Fund.** This fund is used to account separately for federal, state, and local resources to operate the food service program (Education Code sections 38090–38093). The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (Education Code sections 38091 and 38100).

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2016

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**Deferred Maintenance Fund.** This fund is used to account separately for state apportionments and the LEA's contributions for deferred maintenance purposes (Education Code sections 17582–17587). In addition, whenever the state funds provided pursuant to Education Code sections 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the district (Education Code sections 17582 and 17583).

**Capital Project Funds.** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Capital Facilities Fund.** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626). The authority for these levies may be county/city ordinances (Government Code sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006).

**County School Facilities Fund.** This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.). (\$ amounts in the fund are less than \$1.00, therefore the fund is not displayed.)

#### Proprietary Funds

**Internal Service Funds.** Internal service funds are created principally to render services to other organizational units of the LEA on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

**Self-Insurance Fund.** Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566).

#### Fiduciary Funds

**Trust and Agency Funds.** Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Student Body Fund.** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (Education Code sections 48930–48938).

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2016

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### 1 - D. Basis of Accounting

#### **Government-Wide, Proprietary, and Fiduciary Financial Statements**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position should be reported as restricted when constraints placed on net position use 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 net position use.

#### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Revenue limits, property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

#### **Revenues – Exchange and Non-Exchange Transactions**

The Local Control Funding Formula (“LCFF”) and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the LCFF is made and the District's actual tax receipts, as reported by the county auditor, is subtracted the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded.

The District recognizes property tax revenues actually received as reported on California Department of Education (“CDE”)’s Principal Apportionment Data Collection Software, used by county offices of education and county auditors to report school district and county taxes. The District makes no accrual for property taxes receivable as of June 30.

The District receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

The District also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2016

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#### **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. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

#### **Operating Revenues and Expenses**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal services.

#### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

### **1 - E. Assets, Liabilities, and Net Position**

#### **Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2016, based on market process. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The District considers these balances to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. The District considers the deposits and investments in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets.

#### **Inventories and Prepaid Items**

Inventories are valued at cost using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2016

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**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$20,000. 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. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	50
Site improvements	20
Equipment	25
Vehicles	8

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. At June 30, 2016, the General Fund had a balance of \$38 in unearned revenue from federal sources.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

**Pensions**

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the CA State Teachers Retirement System ("STRS") and CA Public Employee Retirement System Pension Plan ("PERS") and additions to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by STRS and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2016

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#### **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

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

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the general fund, that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

#### **Net Position**

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt 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. The District has related debt outstanding as of June 30, 2016. Net Position are 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 are available. The district-wide financial statements report \$1.4 million of restricted net position.



## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2016

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#### **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.

#### **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 purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

#### **1 - F. New Accounting Pronouncements**

In June of 2015, the GASB issued Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of Statement No. 74 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 interperiod equity, and creating additional transparency.

The primary objective of Statement No. 75 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 interperiod equity, and creating additional transparency. The requirements of these standards are fiscal year beginning after June 15, 2016.

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application 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 68, and Amendments to Certain Provisions of GASB Statements 67 and 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. Earlier application is encouraged.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**2 - A. Summary of Deposits and Investments**

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Cash on hand	\$ 700	\$ -	\$ 700
Deposits in financial institutions	12,750	91,090	103,840
Cash in County	17,024,217	-	17,024,217
<b>Total</b>	<b>\$ 17,037,667</b>	<b>\$ 91,090</b>	<b>\$ 17,128,757</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**JUNE 30, 2016**

**2 - B. 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; the Yuba County Investment Pool.

**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.

**2 - C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the investment policy, see next page.

<b>INVESTMENT TYPE</b>	<b>MAXIMUM MATURITY</b>	<b>MAXIMUM SPECIFIED% OF PORTFOLIO</b>	<b>MINIMUM QUALITY REQUIREMENTS</b>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%E	None
Commercial Paper— Select Agencies	270 days	25% of the agency's money	"A-1" to "A"
Commercial Paper— Other Agencies	270 days	40% of the agency's money	"A-1" to "A"
Negotiable Certificates of Deposit	5 years	30%	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A"
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"A"
Bank/Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2016

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#### **2 - D. 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 manages its exposure to interest rate risk by investing in the county pool. See "Specific Identification" for various maturities of the District's investments.

#### **2 - E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The underlying investments owned by the district are listed in "Specific Identification."

#### **2 - F. Specific Identification**

Contact the Yuba County Treasurer for a report for all investments in the county pool with their relative ratings and maturities.

#### **2 - G. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2016, the District's bank balances of \$111,723 were insured.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**NOTE 3 – ACCRUED RECEIVABLES**

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Gov. Funds	Self-Insurance	Total Gov. Activities
Federal Government						
Categorical aid	\$ 441,343	\$ -	\$ -	\$ 90,604	\$ -	\$ 531,947
State Government						
Categorical aid	54,096	1,465	119,862	13,935	-	189,358
Local Government						
Interest	23,385	1,086	8,949	1,197	3,220	37,837
Other Local Sourc	3,090	-	-	-	-	3,090
<b>Total</b>	<b>\$ 521,914</b>	<b>\$ 2,551</b>	<b>\$ 128,811</b>	<b>\$ 105,736</b>	<b>\$ 3,220</b>	<b>\$ 762,232</b>

**NOTE 4 – CAPITAL ASSETS**

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

	Balance			Balance	
(Amounts in thousands)	July 01, 2015	Additions	Deductions	July 01, 2015	June 30, 2016
Capital assets not being depreciated					
Land	\$ 362	\$ -	\$ -	\$ 362	\$ 362
Construction in progress	933	-	933	-	-
<b>Non-Depreciable Capital Assets</b>	<b>\$ 1,295</b>	<b>\$ -</b>	<b>\$ 933</b>	<b>\$ 1,295</b>	<b>\$ 362</b>
Capital assets being depreciated					
Buildings & improvements	\$ 33,117	\$ 1,525	\$ -	\$ 33,117	\$ 34,642
Furniture & equipment	2,020	-	-	2,020	2,020
Total Capital Assets Being Depreciated	35,137	1,525	-	35,137	36,662
Less Accumulated Depreciation					
Buildings & improvements	9,921	922	-	9,921	10,843
Furniture & equipment	964	160	-	964	1,124
Total Accumulated Depreciation	10,885	1,082	-	10,885	11,967
<b>Depreciable Capital Assets, net</b>	<b>\$ 24,252</b>	<b>\$ 443</b>	<b>\$ -</b>	<b>\$ 24,252</b>	<b>\$ 24,695</b>
<b>Total Capital Assets, net</b>	<b>\$ 25,547</b>	<b>\$ 443</b>	<b>\$ 933</b>	<b>\$ 25,547</b>	<b>\$ 25,057</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**NOTE 5 – INTERFUND TRANSACTIONS**

**5 - A. Interfund Receivables/Payables (Due From/Due To)**

Due To Other Funds	Due From Other Funds		
	General Fund	Special Reserve Fund for Capital Outlay Projects	Total
Charter Schools Special Revenue Fund	\$ 68,190	\$ -	\$ 68,190
Non-Major Funds	17,338	1	17,339
<b>Total Due From Other Funds</b>	<b>\$ 85,528</b>	<b>\$ 1</b>	<b>\$ 85,529</b>

Charter School Fund owes the General Fund for operational costs and excess costs in the amount of	\$ 68,191
The Child Development Fund owes the General Fund for various operational costs and indirect costs in the amount of	17,012
The Cafeteria Fund owes the General Fund for operational costs in the amount of	326
<b>Total</b>	<b>\$ 85,529</b>

**5 - B. Operating Transfers**

Transfer To Other Funds	Interfund Transfers In Non-Major Governmental Funds
General Fund	\$ 30,714
The General Fund transferred to the Child Development Fund for operational support in the amount of	\$ 25,000
The General Fund transferred to the Cafeteria Fund for operational support in the amount of	5,714
<b>Total</b>	<b>\$ 30,714</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2016, consisted of the following:

	General Fund	Charter School Fund	Non-Major Gov. Funds	Total Gov. Activities
Payroll	\$ 17,067	\$ -	\$ -	\$ 17,067
LCFF adjustment for property tax			-	-
Special education	6,680	-	-	6,680
Vendors and sales tax payable	17,417	115	831	18,363
Other liabilities	10,685	-	-	10,685
<b>Total</b>	<b>\$ 51,849</b>	<b>\$ 115</b>	<b>\$ 831</b>	<b>\$ 52,795</b>

**NOTE 7 – LONG-TERM OBLIGATIONS**

**7 - A. Long-Term Obligations Summary**

	Balance			Balance	Balance Due
<i>(Amounts in thousands)</i>	July 01, 2015	Additions	Deductions	June 30, 2016	In One Year
Capital leases	\$ 435	\$ -	\$ 31	\$ 404	\$ 31
Net pension liabilities ("NPL")					
Cal STRS	7,280	3,422	2,007	8,695	-
Cal PERS	3,040	2,371	1,284	4,127	-
<b>Total NPL</b>	<b>10,320</b>	<b>5,793</b>	<b>3,291</b>	<b>12,822</b>	<b>-</b>
Net OPEB obligations	600	14	-	614	-
Compensated absences	62	8	-	70	-
<b>Total</b>	<b>\$ 11,417</b>	<b>\$ 5,815</b>	<b>\$ 3,322</b>	<b>\$ 13,910</b>	<b>\$ 31</b>

**7 - B. Capital leases**

The District entered into an energy services agreement with SH2 Solar LLC, where SH2 Solar LLC will operate an array of solar panels at Bear River and Wheatland Elementary to produce approximately 361 kWh per year of electricity. This agreement required the District to make a payment of pre-paid savings in the amount of \$273,691 in August 2013. After the system starts generating electricity, the District will pay \$0.12 per kWh of electricity produced. The District is given the option of purchasing the system in six years at fair market value, which is estimated at \$274,000.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2016

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The District purchased a solar panel system valued at approximately \$880,000 through a capital lease where title will pass to the District at the conclusion of the lease payments. The capital lease has minimum lease payments as follows:

<b>Year Ending June 30,</b>	<i>(Amounts in thousands)</i>	<b>Estimated</b>	<b>Maximum</b>
		<b>Lease Payment</b>	<b>Lease Payment</b>
2017		\$ 61	\$ 67
2018		61	67
2019		61	66
2020		334	318
Total payments		517	<u>518</u>
Less: Amount representing interest		113	
Present value of minimum lease payments		<u>\$ 404</u>	

**7 - C. Net Pension Liability**

The District's prior year contributions of \$455,000 to Cal STRS and \$365,000 to Cal PERS, are used to calculate the current liability, which at June 30, 2016 was a total of \$12.8 million. See Note 9 for additional information regarding the net pension liability and pension benefit plans.

**7 - D. Other Postemployment Benefits**

The District's annual required contribution for the year ended June 30, 2016, was an increase of \$14,000 and contributions made by the District during the year were \$35,000, which resulted in a net OPEB obligation of \$614,000. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

**7 - E. Compensated Absences**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2016, amounted to \$70,000.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**NOTE 8 – FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Gov. Funds	Total Gov. Funds
Non-spendable					
Non-restricted					
Reserve for revolving cash	\$ 13,450	\$ -	\$ -	\$ -	\$ 13,450
Reserve for stores inventory	-	-	-	21,269	21,269
Total Nonspendable	13,450	-	-	21,269	34,719
Spendable					
Restricted					
Educational programs					
State	304,968	26,984	285,394	-	617,346
Local	693,074	-	-	-	693,074
Capital facilities	-	-	-	44,940	44,940
Total Restricted	998,042	26,984	285,394	44,940	1,355,360
Committed					
Deferred maintenance	-	-		274,707	274,707
Assigned					
Salaries	1,053,921	46,778	-	22,577	1,123,276
Vacation payouts	70,331	-	-	-	70,331
School Site Carryovers	366,044	-	-	-	366,044
Lottery	1,114,316	17,072	-	-	1,131,388
Facility acquisition	-	250,000	-	-	250,000
Equipment	-	-	-	30,000	30,000
Charter school fund	-	66,887	-	-	66,887
Child development	-	-	-	86,540	86,540
Cafeteria	-	-	-	167,302	167,302
Capital projects	-	-	3,869,800	-	3,869,800
Total Assigned	2,604,612	380,737	3,869,800	306,419	7,161,568
Unassigned					
Reserve for economic uncertain	887,478	-	-	-	887,478
Unassigned	6,530,123	-	-	-	6,530,123
Total Unassigned	7,417,601	-	-	-	7,417,601
<b>Total</b>	<b>\$ 11,033,705</b>	<b>\$ 407,721</b>	<b>\$ 4,155,194</b>	<b>\$ 647,335</b>	<b>\$ 16,243,955</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than the CDE required minimum fund balance requirement.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS**

**9 - A. General Information about California State Teachers’ Retirement System (“CalSTRS”)**

**9 - A.I Plan description.** Employees – with a credential, certificate or permit, or meet the minimum standards adopted by the Board of Governors of the California Community Colleges – of the California public school system (prekindergarten through community college) are provided pensions through the State Teachers’ Retirement Plan (“STRP”). STRP is a multiple-employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. In addition, the state is both an employer and nonemployer contributing entity to the STRP. STRP issues a publicly available financial report as a part of the Cal STRS CAFR, see **9 - A.IV(4)**.

**9 - A.II Plan Benefits.** The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

**9 - A.III Plan Contribution:**

		<u>FY 2015-16 Rate</u>	<u>Ultimate Rate</u>
EC § 22901 & § 22901.7	Members	8.56% / 9.20 %	9.205% /10.25%
EC §22950 & § 22951	Employers	8.25%	8.25%
EC § 22950.5(a)	Employers – Supplemental <sup>1</sup>	2.48%	10.85%
EC § 22955.1(a)	State <sup>2</sup>	2.017%	2.017%
EC § 22955.1(b)	State – Supplemental	2.874%	4.311%

<sup>1</sup>Graded increases per schedule defined in the Education Code. The ultimate contribution will vary depending on the funded status. For purposes of this exhibit, it is assumed the ultimate rate specified in the graded schedule will not change in the future.

<sup>2</sup> The State’s contribution of 2.017% is paid quarterly based on second prior fiscal year salaries.

**9 - A.IV Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS**

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:

<i>(Amounts in thousands)</i>	
District's proportionate share of the net pension liability	\$ 8,695
State's proportionate share of the net pension liability associated with the District	3,008
<b>Total</b>	<b>\$ 11,703</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's proportionate share of total CalSTRS calculated employer contributions, including the State. At June 30, 2015, the District's proportion was 0.013%.

For the year ended June 30, 2016, the District recognized pension expense of \$684,000 and revenue of \$392,000 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:

<i>(Amounts in thousands)</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 145
Net difference between projected and actual earnings on pension plan investments	-	709
Changes in proportion and differences between District contributions and proportionate share of contributions	229	479
District contributions subsequent to the measurement date	696	-
<b>Total</b>	<b>\$ 925</b>	<b>\$ 1,333</b>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*\$ amounts in thousands*):

<b>Year ending June 17, 2017</b>	\$ 735	\$ 226
<b>2018</b>	38	226
<b>2019</b>	38	226
<b>2020</b>	38	226
<b>2021 - 2023</b>	76	429
	<b>\$ 925</b>	<b>\$ 1,333</b>

**9 - A.IV(1) Actuarial assumptions.** The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment rate of return	7.60 %, net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.50 % assumed investment rate of return for funding purposes, which is net of administrative expenses.
Consumer price inflation	3.00%
Wage growth	3.75%
Post-retirement benefit increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return <sup>1</sup>
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
Total	100.0 %	

<sup>1</sup>10-year geometric average

**9 - A.IV(2) Discount rate.** The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the 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 the total pension liability.

**9 - A.IV(3) Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	Discount Rates		
	-1% (6.60%)	(7.60%)	+1% (8.60%)
Plan's net pension liability	\$ 13,129	\$ 8,695	\$ 5,010

**9 - A.IV(4) Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

**9 - B. General Information about California Public Employees' Retirement System ("CalPERS")**

**9 - B.I Plan description.** Non-teaching and non-certified employees are provided with pensions through Public Employees' Retirement Fund B ("PERF B") – a cost-sharing multiple-employer plan of school employers. PERF B issues a publicly available financial report as a part of the Cal PERS CAFR, see **9 - B.IV(4)**.

**9 - B.II Benefits provided.** The Service Retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation, where:

- ❖ The *benefit factor* for this group of employees comes from the 2% at 55 benefit factor table. New PEPRAs hired on or after January 1, 2013 are subject to the 2% at 62 benefit factor table. The factor depends on the member's age at retirement, see the actuary report for specific benefit factor.
- ❖ The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at the rate of 0.004 years of service for each day of sick leave.
- ❖ The *final compensation* is the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). For new PEPRAs hired after January 1, 2013 final compensation is based on the monthly average of the member's highest 36 consecutive months' full-time equivalent monthly pay. PEPRAs have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security Contribution and Benefit Base. For employees that participate in Social Security this cap is \$113,700 for 2013 and for those employees that do not participate in social security the cap for 2013 is \$136,440, the equivalent of 120% of the 2013 Contribution and Benefit Base. Adjustments to the caps are permitted annually based on changes to the CPI for All Urban Consumers.
- ❖ The employees in this plan may or may not be covered by Social Security. For employees with service prior to January 1, 2001 covered by Social Security, the final compensation is offset by \$133.33 (or by one-third if, the final compensation is less than \$400). For PEPRAs, the final compensation is not offset.

**9 - B.III Contributions.** § 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. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate for "classic" is 7% of annual pay and for "PEPRA" is 6% of annual pay. The employer's contribution rate is 11.847% of annual payroll. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**9 - B.IV Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS**

At June 30, 2016, the District reported a liability of \$4.1 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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. At June 30, 2015, the District's proportion was 0.027%. For the year ended June 30, 2016, the District recognized pension expense of \$297,000. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>(Amounts in thousands)</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 236	\$ -
Changes of assumptions	-	253
Net difference between projected and actual earnings on pension plan investments	678	819
Changes in proportion and differences between District contributions and proportionate share of contributions	138	250
District contributions subsequent to the measurement date	396	-
<b>Total</b>	<b>\$ 1,448</b>	<b>\$ 1,322</b>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*\$ amounts in thousands*):

<b>Year ending June 17, 2017</b>	\$ 683	\$ 492
<b>2018</b>	287	479
<b>2019</b>	279	351
<b>2020</b>	199	-
<b>Deferred Inflows of Resources Amortization</b>	<b>\$ 1,448</b>	<b>\$ 1,322</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**9 - B.IV(1) Actuarial assumptions.** The total pension liability/(asset) was determined by actuarial valuations as of June 30 in various years, by fund, which were rolled forward to June 30 of the next year, using the following actuarial assumptions, applied to all periods of measurement:

Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	2.00% until Purchasing Power Protection allowance Floor on Purchasing Power applies, 2.75% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011).

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

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

**9 - B.IV(2)** The table on the next page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
	<u>100%</u>		

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2016

**9 - B.IV(3) Discount Rate.** The discount rate used to measure the total pension liability was 7.65%. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

**9 - B.IV(4) Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 %, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	<b>Discount Rates</b>		
<i>(Amounts in thousands)</i>	<b>-1% (6.65%)</b>	<b>(7.65%)</b>	<b>+1% (8.65%)</b>
Plan's net pension liability \$	6,717	\$ 4,127	\$ 1,973

**9 - B.IV(5) Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2015.pdf>

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN AND OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**10 - A. General Information about the OPEB Plan**

*Plan Description and Benefits Provided.* The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Wheatland Elementary School District. The Plan offers the following benefits by bargaining unit:

	<b><u>Certificated</u></b>	<b><u>Classified</u></b>	<b><u>Management</u></b>
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65 or 5 years	To age 65 or 5 years	To age 65 or 5 years
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	\$400 of medical premium	\$400 of medical premium	\$400 of medical premium

*Employees covered by benefit terms.* At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	116
	124



WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2016

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**10 - B. Total OPEB Liability**

The District's total OPEB liability of \$613,618 was measured as of June 30, 2016, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	2.75%
Discount Rate	4.75%
Healthcare cost trend rates	4%

We used the "Building Block Method" as described in ASOP 27 Paragraph 3.6.2. Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code § 53601 et seq..

Mortality rates were based on the 2009 CalSERS mortality and 2009 CalPERS mortality for Miscellaneous Employees.

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 ("ASOP" 27), and Non-Economic assumptions are set under the guidance of ASOP 35.

**10 - C. Changes in the Total OPEB Liability**

	<b>Total OPEB Liability:</b>	
<b>Balances at June 30, 2015</b>	\$	599,927
<b>Changes for the year:</b>		
Service cost		19,834
Interest		28,497
Benefit payments		(34,640)
<b>Net changes</b>		13,691
<b>Balances at June 30, 2016</b>	\$	613,618

*Sensitivity of the total OPEB liability to changes in the discount rate.* Since there are no plan assets, the sensitivity of the discount rate are not expected to be material:

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The current calculation has not factored in the differences. Once this has been performed, the amounts will be disclosed.

**10 - D. OPEB Expense Related to OPEB**

For the year ended June 30, 2016, the District recognized OPEB expense of \$48,331.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2016

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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**11 - A. Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally 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.

**11 - B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at.

**NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District is a member of four joint powers authorities (JPAs). The first is the NVSIG to provide workers' compensation insurance, another is the TCSIG to provide liability and property insurance, the third is CVT for health, dental, vision and life insurance and the fourth is SPURR to help with rate stabilization for natural gas. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2016, the District made the following payments to each JPA:

<u>Joint Powers Authority</u>	<u>2016 Payments</u>
NVSIG	\$182,027
TCSIG	99,524
CVT	2,234,561
SPURR	16,750

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**REQUIRED SUPPLEMENTARY INFORMATION**

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 9,226,144	\$ 9,171,781	\$ 9,126,296	\$ (45,485)
Local sources	693,963	851,291	837,125	(14,166)
Transfers	(111,551)	(119,046)	(118,648)	398
Federal sources	1,652,322	1,896,594	2,139,273	242,679
Other State sources	700,727	1,791,930	1,892,376	100,446
Other local sources	581,942	759,558	890,253	130,695
<b>Total Revenues</b>	<b>12,743,547</b>	<b>14,352,108</b>	<b>14,766,675</b>	<b>414,567</b>
<b>EXPENDITURES</b>				
Certificated salaries	6,378,325	6,413,565	6,337,704	75,861
Classified salaries	3,376,264	3,304,889	3,300,816	4,073
Employee benefits	3,082,919	3,247,232	3,372,637	(125,405)
Books and supplies	787,319	1,218,376	759,858	458,518
Services and other operating expenditures	1,159,591	1,399,640	1,008,263	391,377
Capital outlay	-	190,000	-	190,000
Other outgo				
Excluding transfers of indirect costs	479,386	475,917	347,656	128,261
Transfers of indirect costs	(24,881)	(24,881)	(23,997)	(884)
<b>Total Expenditures</b>	<b>15,238,923</b>	<b>16,224,738</b>	<b>15,102,937</b>	<b>1,121,801</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(2,495,376)	(1,872,630)	(336,262)	1,536,368
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(31,000)	(31,000)	(30,714)	286
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,526,376)</b>	<b>(1,903,630)</b>	<b>(366,976)</b>	<b>1,536,654</b>
<b>Fund Balance - Beginning</b>	<b>11,400,682</b>	<b>11,400,682</b>	<b>11,400,681</b>	
<b>Fund Balance - Ending</b>	<b>\$ 8,874,306</b>	<b>\$ 9,497,052</b>	<b>\$ 11,033,705</b>	<b>\$ 1,536,654</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 633,915	\$ 599,518	\$ 591,978	\$ (7,540)
Transfers	46,381	53,785	53,414	(371)
Other State sources	30,699	80,442	86,507	6,065
Other local sources	4,191	4,191	3,901	(290)
<b>Total Revenues</b>	<b>715,186</b>	<b>737,936</b>	<b>735,800</b>	<b>(2,136)</b>
<b>EXPENDITURES</b>				
Certificated salaries	293,311	306,880	313,487	(6,607)
Classified salaries	113,316	110,902	108,329	2,573
Employee benefits	160,350	149,161	154,788	(5,627)
Books and supplies	37,693	61,999	56,309	5,690
Services and other operating expenditures	117,470	122,814	108,525	14,289
Other outgo				
Excluding transfers of indirect costs	19,000	19,000	15,047	3,953
<b>Total Expenditures</b>	<b>756,607</b>	<b>770,756</b>	<b>756,485</b>	<b>14,271</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(41,421)</b>	<b>(32,820)</b>	<b>(20,685)</b>	<b>12,135</b>
<b>Fund Balance - Beginning</b>	<b>428,406</b>	<b>428,406</b>	<b>428,406</b>	
<b>Fund Balance - Ending</b>	<b>\$ 386,985</b>	<b>\$ 395,586</b>	<b>\$ 407,721</b>	<b>\$ 12,135</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF PENSION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

Cal STRS	<i>(\$ amounts in thousands)</i>	2016	2015
<b>Schedule of District's proportionate share of the net pension liability</b>			
District's proportion of the net pension liability (asset)		0.013%	0.012%
District's proportionate share of the net pension liability (asset)	\$	8,695	\$ 7,280
State's proportionate share of the net pension liability (asset) associated with the District		3,088	2,755
<b>Total</b>	<b>\$</b>	<b>11,783</b>	<b>\$ 10,035</b>
District's covered-employee payroll	\$	6,052	\$ 5,500
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		144%	132%
Plan fiduciary net position as a percentage of the total pension liability		74%	77%
<b>Schedule of District Contributions</b>			
Contractually required contribution	\$	696	\$ 455
Contributions in relation to the contractually required contribution		(696)	(455)
<b>Contribution deficiency (excess)</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>
District's covered payroll	\$	6,489	\$ 6,052
Contributions as a percentage of covered-employee payroll		11%	9%
Cal PERS	<i>(\$ amounts in thousands)</i>	2016	2015
<b>Schedule of District's proportionate share of the net pension liability</b>			
District's proportion of the net pension liability (asset)		0.027%	0.03%
District's proportionate share of the net pension liability (asset)	\$	4,127	\$ 3,040
District's covered-employee payroll	\$	3,104	\$ 2,817
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		133%	108%
Plan fiduciary net position as a percentage of the total pension liability		79%	83%
<b>Schedule of District Contributions</b>			
Contractually required contribution	\$	396	\$ 365
Contributions in relation to the contractually required contribution		(396)	(365)
<b>Contribution deficiency (excess)</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>
District's covered payroll	\$	3,341	\$ 3,104
Contributions as a percentage of covered-employee payroll		12%	11%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2016

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	<u>2016</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 19,834
Interest	28,497
Benefit payments	(34,640)
<hr/>	
Net change in total OPEB liability	13,691
<b>Total OPEB liability - Beginning</b>	599,927
<hr/>	
<b>Total OPEB liability - Ending</b>	<b>\$ 613,618</b>
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Covered Payroll	\$ 4,315,000
Total OPEB liability as a percentage of covered-payroll	14%



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**SUPPLEMENTARY INFORMATION**

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Federal Impact Aid [1]	84.041	*	\$ 1,373,821
Passed through California Department of Education (CDE):			
No Child Left Behind (NCLB):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	273,334
Title II, Part A, Teacher Quality	84.367	14341	63,756
Title III, Immigrant Education Program	84.365	15146	4,915
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	7,694
Special Ed Cluster: IDEA			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	220,264
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	15,318
Total Special Education Cluster			235,582
<b>Total U. S. Department of Education</b>			<b>1,959,102</b>
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch	10.555	13524	285,874
Especially Needy Breakfast	10.553	13526	97,932
Meal Supplements	10.555	13524	38,384
Food Distribution Program	10.558	*	36,302
<b>Total U. S. Department of Agriculture</b>			<b>458,492</b>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through CDE:			
Child Dev: Federal General (CCTR) and State Preschool (CSPP)	93.596	13609	25,118
Good Behaviour Grant (GBG)	93.243	*	
Medi-Cal Administrative Activities (MAA)	93.778	10060	39,173
<b>Total U. S. Department of Health &amp; Human Services</b>			<b>64,291</b>
U. S. DEPARTMENT OF DEFENSE:			
Federal Impact Aid [1]	12.558	*	129,220
GREAT Grant	12.556	*	11,778
<b>Total U. S. Department of Defense</b>			<b>140,998</b>
<b>Total Federal Expenditures</b>			<b>\$ 2,622,883</b>

[1] - Major Program

No amount provided to subrecipients

\* - Direct funded or no PCA available

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

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Wheatland Elementary School District:

	<b>Second Period Report</b>	<b>Annual Report</b>
ELEMENTARY		
Kindergarten through third	562	560
Fourth through sixth	390	388
Seventh through eighth	251	251
Extended year and nonpublic special education	6	5
Total Elementary ADA	1,209	1,204

Wheatland Charter Academy

	<b>Second Period Report</b>	<b>Annual Report</b>
REGULAR ELEMENTARY		
Total kindergarten through third	71	71
Total fourth through sixth	10	10
Extended year and nonpublic special education	0	0
Total Elementary ADA	81	81
Classroom-based kindergarten through third	71	71
Classroom-based fourth through sixth	10	10
Classroom-based extended year and nonpublic special education	0	0
Total Classroom-Based Elementary ADA	81	81

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

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Wheatland Elementary:

Grade Level	1982 - 83	Education Code	Current Year	Current Year	Status
	Actual Minutes <sup>1</sup>	§ 46207(a) Minutes <sup>1</sup> Requirements <sup>2</sup>	Minutes <sup>3</sup>	Days <sup>4</sup>	
Kindergarten	31,938	36,000	51,060	180	Complied
Grade 1	45,063	50,400	51,060	180	Complied
Grade 2	45,063	50,400	51,060	180	Complied
Grade 3	45,063	50,400	51,060	180	Complied
Grade 4	52,500	54,000	54,660	180	Complied
Grade 5	52,500	54,000	54,660	180	Complied
Grade 6	52,500	54,000	61,356	180	Complied
Grade 7	52,500	54,000	61,356	180	Complied
Grade 8	52,500	54,000	61,356	180	Complied

<sup>1</sup> Shown for historical purposes

<sup>2</sup> District did NOT meet its LCFF funding target

<sup>3</sup> District participated in Longer Instructional Day

<sup>4</sup> District participated in Longer Instructional Year

Wheatland Charter Academy:

Grade Level	1982 - 83 <sup>5</sup>	Ed. Code	2016	2016	Status
	Actual Minutes	§ 47612.5 Minutes Requirement	Actual Minutes	Number of Days	
Kindergarten	-	36,000	51,060	180	Complied
Grade 1	-	50,400	51,060	180	Complied
Grade 2	-	50,400	51,060	180	Complied
Grade 3	-	50,400	51,060	180	Complied
Grade 4	-	54,000	54,660	180	Complied
Grade 5	-	54,000	54,660	180	Complied
Grade 6	-	54,000	61,356	180	Complied

<sup>5</sup> Did not exist in 1982-83

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

	2017 (Budget)	2016	2015	2014
GENERAL FUND:				
Revenues	\$ 13,211,444	\$ 14,766,675	\$ 14,694,102	\$ 12,491,519
Expenditures	15,354,667	15,102,937	14,868,255	13,160,597
Other uses and transfers out	31,000	30,714	30,889	28,864
Total	15,385,667	15,133,651	14,899,144	13,189,461
INCREASE/(DECREASE)				
IN FUND BALANCE	\$ (2,174,223)	\$ (366,976)	\$ (205,042)	\$ (697,942)
ENDING FUND BALANCE				
	\$ 8,859,482	11,033,705	11,400,681	11,605,721
AVAILABLE RESERVES <sup>1</sup>				
	\$ 2,470,221	\$ 7,417,601	\$ 7,962,265	\$ 8,840,118
AVAILABLE RESERVES AS A				
PERCENTAGE OF OUTGO	16%	49%	53%	67%
LONG-TERM DEBT				
	N/A	\$ 13,910,066	\$ 11,417,895	\$ 1,184,879
AVERAGE DAILY				
ATTENDANCE AT P-2	1,206	1,209	1,201	1,136

The General Fund balance has decreased by \$572,016 over the past two years. The fiscal year 2016-17 budget projects a decrease of \$2,174,223 (twenty percent). For a district this size, the State recommends available reserves of at least five percent of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in all of the past three years and anticipates incurring an operating deficit during the 2016-17 fiscal year. Total long term obligations have increased by \$12.7 million over the past two years.

Average daily attendance has increased by 73 ADA over the past two years. A decrease of three ADA is anticipated during fiscal year 2016-17.

<sup>1</sup> Available reserves consist of all unassigned fund balance within the General Fund

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

	General Fund	Special Reserve for Other Than Capital Outlay	Self- Insurance Fund
<b>FUND BALANCE</b>			
Balance, June 30, 2016,			
Unaudited Actuals:	\$ 8,373,934	\$ 2,667,519	\$ 852,167
Increase in:			
Cash in county	2,661,604	-	-
Accrued receivables	5,915	-	-
Accrued payables	(7,748)	-	-
Decrease in:			
Cash in county	-	(2,661,604)	-
Accrued receivables	-	(5,915)	-
OPEB liability	-	-	(13,691)
Audited financial statement	\$ 11,033,705	\$ -	\$ 838,476

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2016

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

See accompanying note to supplementary information



WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
JUNE 30, 2016

	Child Development Fund		Deferred Maintenance Fund		Capital Facilities Fund		Non-Major Governmental Funds			
<b>ASSETS</b>										
Deposits and investments	\$	60,209	\$	159,352	\$	274,098	\$	44,840	\$	538,500
Accrued receivables		43,483		61,544		609		100		105,736
Stores inventory		-		21,269		-		-		21,269
<b>Total Assets</b>	\$	103,692	\$	242,165	\$	274,707	\$	44,940	\$	665,505
<b>LIABILITIES</b>										
Accrued liabilities	\$	140	\$	691	\$	-	\$	-	\$	831
Due to other funds		17,012		326		-		-		17,339
<b>Total Liabilities</b>		17,152		1,017		-		-		18,170
<b>FUND BALANCES</b>										
Non-spendable		-		21,269		-		-		21,269
Spendable										
Restricted		-		-		-		44,940		44,940
Committed		-		-		274,707		-		274,707
Assigned		86,540		219,879		-		-		306,419
<b>Total Fund Balances</b>		86,540		241,148		274,707		44,940		647,335
<b>Total Liabilities and Fund Balances</b>	\$	103,692	\$	242,165	\$	274,707	\$	44,940	\$	665,505

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>					
Local Control Funding					
Transfers	\$ -	\$ -	\$ 65,170	\$ -	\$ 65,170
Federal sources	25,118	458,492	-	-	483,610
Other State sources	505,093	30,943	-	-	536,036
Other local sources	37,783	167,752	2,030	10,082	217,647
<b>Total Revenues</b>	567,994	657,187	67,200	10,082	1,302,463
<b>EXPENDITURES</b>					
Current					
Instruction	415,278	-	-	-	415,278
Instruction-related services					
Instructional supervision and administration	59,752	-	-	-	59,752
Pupil services					
Food services	-	620,996	-	-	620,996
General administration					
All other gen. admin.	23,997	-	-	-	23,997
Plant services	61,682	-	22,678	-	84,360
Facilities acquisition and const.	-	-	39,307	-	39,307
<b>Total Expenditures</b>	560,709	620,996	61,985	-	1,243,690
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	7,285	36,191	5,215	10,082	58,773
<b>OTHER FINANCING SOURCES</b>					
Transfers In	25,000	5,714	-	-	30,714
<b>NET CHANGE IN</b>					
<b>FUND BALANCE</b>	32,285	41,905	5,215	10,082	89,487
<b>Fund Balance - Beginning</b>	54,255	199,243	269,492	34,858	557,848
<b>Fund Balance - Ending</b>	\$ 86,540	\$ 241,148	\$ 274,707	\$ 44,940	\$ 647,335

See accompanying note to supplementary information

***NOTE 1 – PURPOSE OF SCHEDULES***

**1 - A. Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as applicable.

There are no balances of loan or loan guarantee programs (“loans”) outstanding at the end of the audit period. The District has not elected to use the 10% de minimis cost rate.

**1 - B. Schedule of Average Daily Attendance (“ADA”)**

Displaying ADA data for both the Second Period and Annual reports, by grade span and program as appropriate; and separately for each charter school, shows the total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate; and if there are any ADA adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final ADA after audit finding adjustments, shown by grade span.

**1 - C. Schedule of Instructional Time**

Displaying, for school districts, including basic aid districts, data that show whether the district complied with article 8 (commencing with § 46200) of chapter 2 of part 26 of the Education Code; showing by grade level:

**1 - C.I** For districts that met or exceeded their LCFF target or districts that participated in longer day funding, the number(s) of instructional minutes specified in Education Code section 46207(a) or 46201(b) as applicable, and the district's required instructional minutes set forth in Audit Guide Part F, Instructional Time, as applicable;

**1 - C.II** For districts that did not meet or exceed their LCFF target and did not participate in longer day funding, the number(s) of instructional minutes the district offered in the 1982-83 year, and the district's required instructional minutes as calculated in Audit Guide Part F, Instructional Time, as applicable;

**1 - C.III** For all districts, the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level;

**1 - C.IV** For all districts, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack year-round calendars; and whether the district complied with the instructional minutes and day's provisions. State in a note to the schedule whether the district participated in longer day incentives and whether the district met or exceeded its LCFF target funding.

**1 - C.V** For charter schools, data that show whether the charter school complied with Education Code sections 47612 and 47612.5; showing by grade level the number(s) of instructional minutes specified in Education Code section 47612.5; the instructional minutes offered during the year audited showing the school location with the lowest number of minutes offered at each grade level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the charter school complied with the instructional minutes and days provisions.

**1 - D. Schedule of Financial Trends and Analysis**

Displaying information regarding the auditee's financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year's budget, for the following items: general fund financial activity, including total revenue, expenditures, and other sources and uses; general fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the general fund or special reserve fund; available reserve balances expressed as a percentage of total general fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary second principal ADA; and, when the auditee's percentage of available reserves to total general fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

**1 - E. Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

Displaying the differences between the ending fund balance(s) from the audited financial statements and the unaudited ending fund balance(s) from the annual financial and budget report for each fund in which a variance occurred.

**1 - F. Schedule of Charter Schools**

Listing all charter schools chartered by the school district or county office of education, and indicating for each charter school whether or not the charter school is included in the school district or county office of education audit.

**1 - G. Combining Statements – Non-Major Governmental Funds**

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.

**1 - H. Local Education Agency Organization Structure**

*LEA Organization Structure*, setting forth the following information, at a minimum:

- 1 - **H.I** The date on which the LEA was established, and for charter schools the date and granting authority of each charter;
- 1 - **H.II** The date and a general description of any change during the year audited in a school district's boundaries;
- 1 - **H.III** The numbers by type of schools in the LEA;
- 1 - **H.IV** The names, titles, terms, and term expiration dates of all members of the governing board;
- 1 - **H.V** The names, with their titles, of the superintendent, chief business official, and deputy / associate / assistant superintendents.

This schedule is located in the front of the report.

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**OTHER 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***

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheatland Elementary School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Wheatland Elementary School District's basic financial statements, and have issued our report thereon dated November 18, 2016.

**Internal Control over Financial Reporting**

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

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

RT DENNIS  
ACCOUNTANCY



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wheatland Elementary 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



R. J. Dennis  
Accountancy

November 18, 2016

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM  
GUIDANCE**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Wheatland Elementary School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wheatland Elementary 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Wheatland Elementary School District's compliance.

RT DENNIS  
ACCOUNTANCY

## Opinion on Each Major Federal Program

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

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

### **Purpose of this Report**

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



November 18, 2016

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## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

### ***REPORT ON STATE COMPLIANCE***

We have audited Wheatland Elementary School District's compliance with the requirements as identified in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810, et seq., applicable to Wheatland Elementary School District's state programs as listed on the next page for the year ended June 30, 2016.

### **Management's Responsibility**

Compliance with the requirements referred to above is the responsibility of Wheatland Elementary School District's management.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on Wheatland Elementary School District's compliance 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 *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, § 19810, et seq. ("the current State Audit Guide"). Those 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 listed on the next page. An audit includes examining, on a test basis, evidence about Wheatland Elementary 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 Wheatland Elementary School District's compliance with those requirements.

### **Opinion**

In our opinion, Wheatland Elementary School District complied, in all material respects, with the compliance requirements referred to previously that are applicable to the programs listed on the next page for the year ended June 30, 2016.

RT DENNIS  
ACCOUNTANCY



In connection with the audit referred to on the previous page, we selected and tested transactions and records to determine the Wheatland Elementary School District's compliance with the State laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance	Yes
B. Teacher Certification And Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Not Applicable
E. Continuation Education	Not Applicable
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio Of Administrative Employees To Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	Not Applicable
N. Middle Or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance Of Effort	Yes
<b>School Districts, County Offices Of Education, And Charter Schools</b>	
R. Educator Effectiveness	Not Applicable <sup>1</sup>
S. California Clean Energy Jobs Act	Yes
T. After School Education And Safety Program	Yes
U. Proper Expenditure Of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control And Accountability Plan	Yes
Y. Independent Study Course Based	Not Applicable
Z. Immunizations	Yes
<b>Charter Schools</b>	
AA. Attendance	Yes
BB. Mode Of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study For Charter Schools	Not Applicable <sup>2</sup>
DD. Determination Of Funding For Nonclassroom-Based Instruction	Not Applicable <sup>2</sup>
EE. Annual Instructional Minutes - Classroom Based	Yes
FF. Charter School Facility Grant Program	Not Applicable

<sup>1</sup>No expenditures in Resource 6264 for the year ended June 30, 2016

<sup>2</sup>Classroom-based only, no independent study

**Purpose of this Report**

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the audit requirements of the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "R. J. Dennis Accountancy". The signature is written in a cursive style and is followed by a large, decorative flourish that loops back under the name.

November 18, 2016

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

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

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>Yes</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor's report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
84.041 & 12.558	Federal Impact Aid

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

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There were no Financial Statement Findings for this year

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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There were no Federal Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

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

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There were no State Award Findings this year.



**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

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

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**There were no Prior Audit Findings.**

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