

**WHEATLAND
ELEMENTARY
SCHOOL DISTRICT**



**ANNUAL
FINANCIAL
REPORT**

JUNE 30, 2017

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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, 2017, 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 *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide), 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.

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules on pages 5-18 and 64-68, 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 Title 2, *U.S. Code of Federal Regulations*, 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 *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide), 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 were 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 December 1, 2017 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.

Dennis Cooper and Associates, CPAs

December 1, 2017



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, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's financial status remained relatively consistent to the prior year as a whole. Total net position decreased less than 1 percent over the course of the year.

- Total net position was \$28.3 million at June 30, 2017. This was a decrease of almost \$200,000 over the beginning balance.
- Overall revenues were almost \$16.7 million, which was less than expenses of \$16.9 million.
- The net cost of the District's programs (expenses after program revenues) was almost \$13.6 million.
- The general fund reported a decrease in fund balance this year of almost \$1.2 million.
- The resources available for appropriation were \$709,000 more than budgeted for the General Fund, and we kept expenditures within spending limits by approximately \$400,000.

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*, and *required supplementary information*, and *supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

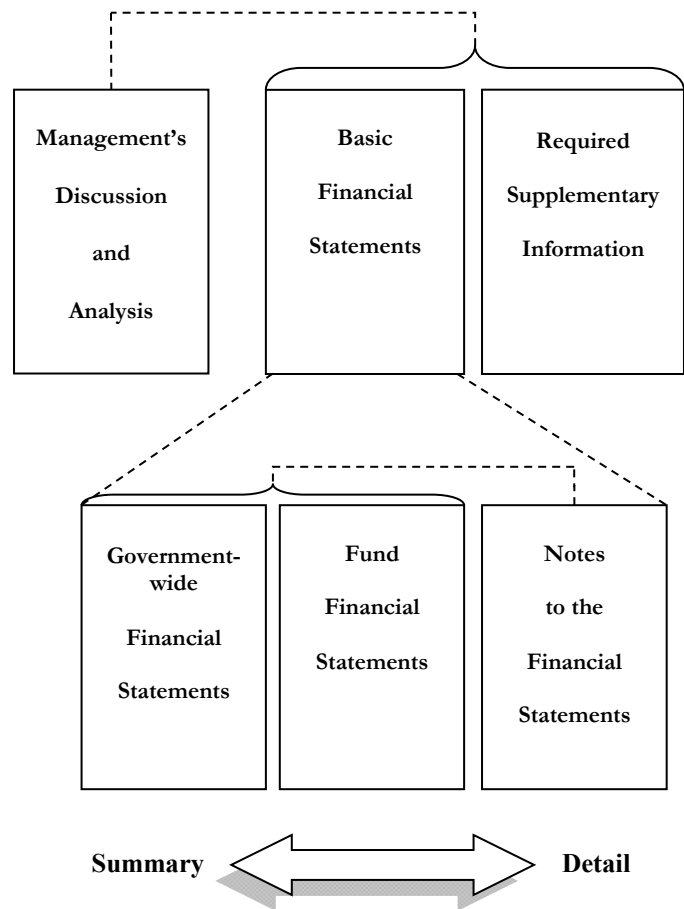
**Figure A-1
 Required Components of Wheatland Elementary School District’s Annual Financial Report**

- ❖ 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 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.



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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2017

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"> ❖ Statement of net position ❖ Statement of activities 	<ul style="list-style-type: none"> ❖ Balance sheet ❖ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ❖ Statement of net position ❖ Statement of revenues, expenses and changes in net position ❖ Statement of cash flows 	<ul style="list-style-type: none"> ❖ Statement of fiduciary net position
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, 2017

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 position 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, 2017

- ❖ *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, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District’s net position decreased between fiscal years 2016 and 2017—decreasing to \$28.1 million. (See Table 1.)

Table 1 - Net Position

<i>(amounts in thousands)</i>	2017	2016	\$ Change	% Change
ASSETS				
Current assets	\$ 16,601	\$ 17,821	\$ (1,220)	-7%
Capital assets, net	24,089	25,057	(968)	-4%
Total Assets	40,690	42,878	(2,188)	-5%
DEFERRED OUTFLOWS OF RESOURCES				
	3,836	2,373	1,463	62%
LIABILITIES				
Current liabilities	582	156	426	273%
Non-current liabilities	16,966	13,879	3,087	22%
Total Liabilities	17,548	14,035	3,513	25%
DEFERRED INFLOW OF RESOURCES				
	(1,102)	2,655	(3,757)	-142%
NET POSITION				
Net investment in capital assets	23,716	24,622	(906)	-4%
Restricted	1,302	1,355	(53)	-4%
Unrestricted	3,062	2,584	478	18%
Total Net Position	\$ 28,080	\$ 28,561	\$ (481)	-2%

The net position decreased two percent. 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 \$3.1 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:

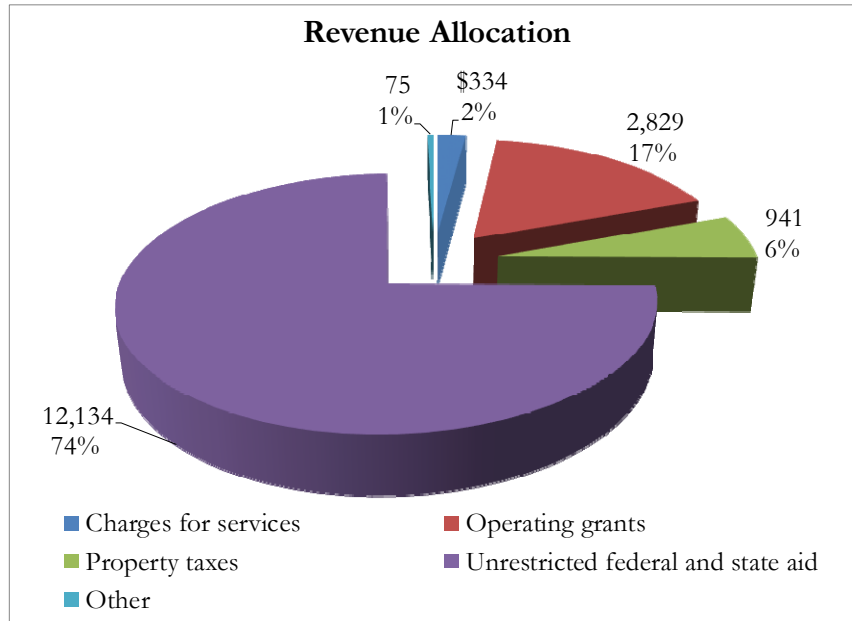
- ❖ While there were some capital asset increases, there was more depreciation in the current year.
- ❖ Pension liability significantly increased this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

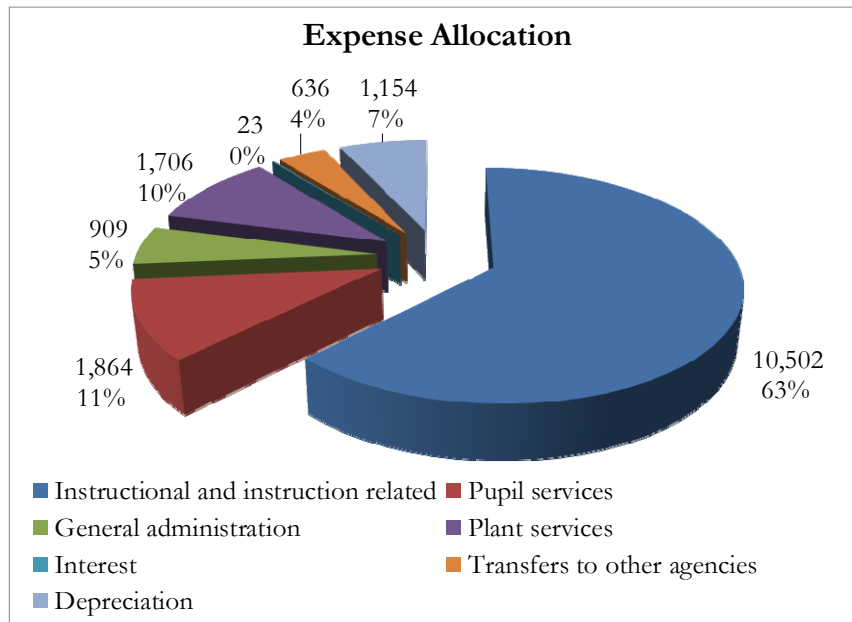
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2017

Changes in Net Position

The District’s total revenue increased slightly to \$16.6 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 comes from fees charged for services, and miscellaneous revenue.



The total cost of all programs and services increased almost \$1 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, 2017

Governmental Activities

Revenues for the District decreased slightly; while total expenses also decreased by five percent.

Table 2 - Changes in Net Position

<i>(amounts in thousands)</i>	2017	2016	\$ Change	% Change
REVENUES				
Program revenues				
Charges for services	\$ 334	\$ 311	\$ 23	7%
Operating grants	2,829	2,780	49	2%
General revenues				
Property taxes	941	837	104	12%
Unrestricted federal and state aid	12,134	12,177	(43)	0%
Other	75	465	(390)	-84%
Total Revenues	16,313	16,570	(257)	-2%
EXPENSES				
Instructional and instruction related	10,502	11,275	(773)	-7%
Pupil services	1,864	2,087	(223)	-11%
General administration	909	982	(73)	-7%
Plant services	1,706	1,959	(253)	-13%
Interest	23	27	(4)	n/a
Transfers to other agencies	636	332	304	92%
Depreciation	1,154	1,083	71	7%
Total Expenses	16,794	17,745	(951)	-5%
Excess (deficiency)	\$ (481)	\$ (1,175)	\$ 694	59%

Grant revenue remained consistent and increased by two percent from 2016 to 2017.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2017

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 \$16.8 million.
- ❖ Some of the cost was paid by:
 - Those who directly benefited from the programs (\$334 thousand).
 - Other governments and organizations that subsidized certain programs with grants and contributions (\$2.8 million).
- ❖ The District paid for the \$13.6 million “public benefit” portion with \$13.1 million in unrestricted federal and state aid, and with other revenues such as property taxes.

Table 3 - Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services			
	2017	2016	2017	2016	\$ Change	% Change
<i>(amounts in thousands)</i>						
Instruction	\$ 8,910	\$ 9,456	\$ 7,458	\$ 8,153	(695)	-9%
Instruction related	1,592	1,819	1,486	1,734	(248)	-14%
Student services	1,864	2,087	687	861	(174)	-20%
Plant services	1,706	1,959	1,575	1,715	(140)	-8%
Other	2,722	2,424	2,425	2,191	234	11%
Total	\$ 16,794	\$ 17,745	\$ 13,631	\$ 14,654	\$ (1,023)	-7%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statement

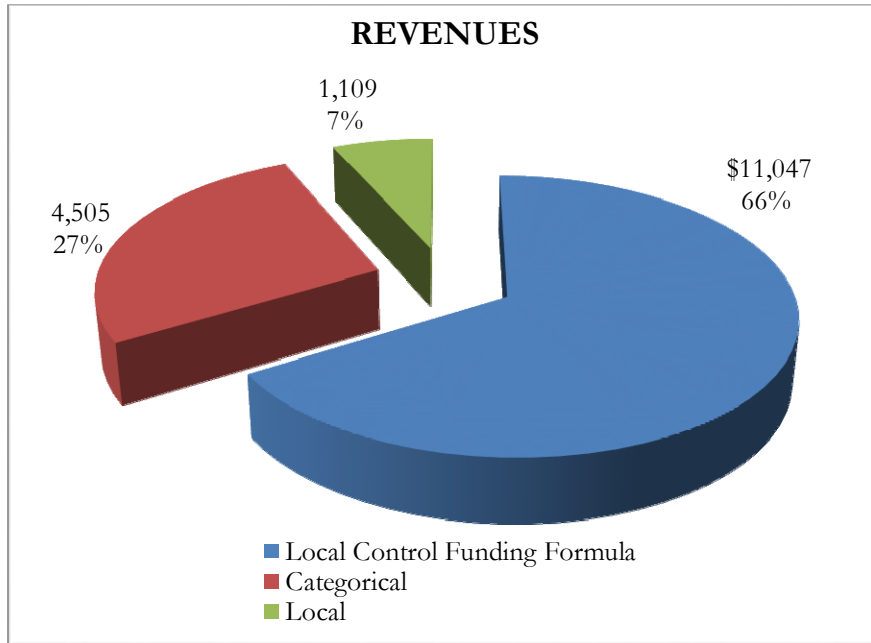
As the District completed the year, its funds reported a *combined* fund balance of \$14.6 million, \$1.6 million below last year.

Table 4 - Funds' Performance

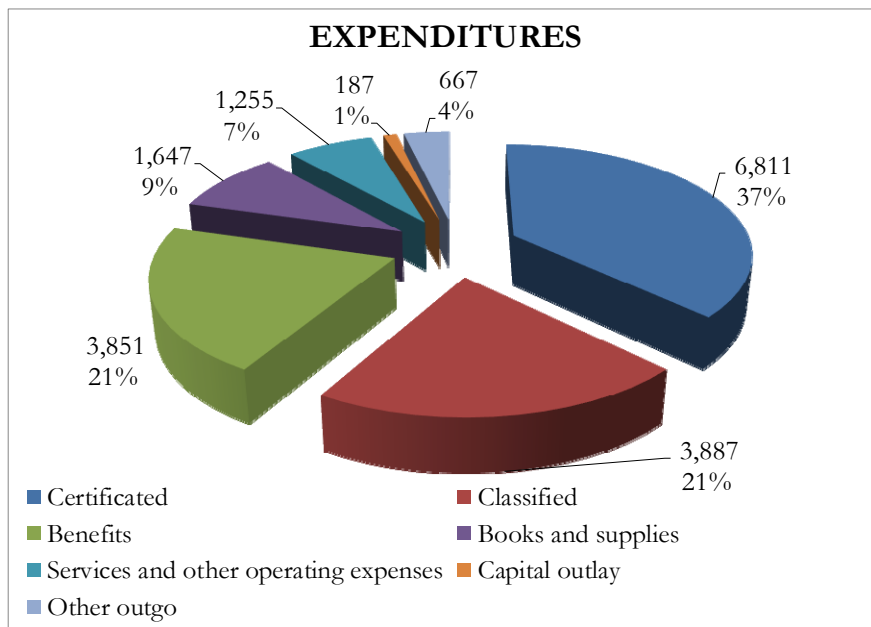
	Governmental Funds			
	<i>(amounts in thousands)</i>			
	2017	2016	\$ Change	% Change
REVENUES				
Local Control Funding Formula	\$ 11,047	\$ 10,555	\$ 492	5%
Categorical	4,505	5,249	(744)	-14%
Local	1,109	1,146	(37)	-3%
Total Revenues	16,661	16,950	(289)	-2%
EXPENDITURES / EXPENSES				
Certificated	6,811	6,861	(50)	-1%
Classified	3,887	3,799	88	2%
Benefits	3,851	3,668	183	5%
Books and supplies	1,647	1,190	457	38%
Services and other operating expenses	1,255	1,260	(5)	0%
Capital outlay	187	592	(405)	-68%
Other outgo	667	363	304	84%
Total Expenditures	18,305	17,733	572	3%
NET CHANGE IN FUND BALANCE				
	\$ (1,644)	\$ (783)	\$ (861)	-110%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2017



These graphs represent the fund expenditures by object code.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2017

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 (1st Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2016).
- ❖ Increases in appropriations to prevent budget overruns.

Even with these adjustments, actual expenditures were almost \$110 thousand below final budget amounts. The most significant variance resulted from purchasing a replacement bus and a decrease in categorical funding.

On the other hand, resources available for appropriation were \$709,000 above the final budgeted amount.

Table 5 - General Fund and Budget Performance

	General Fund Activity			General Fund Budget		
	2017	2016	% Diff.	Original Budget	Final Budget	% Diff.
<i>(amounts in thousands)</i>						
REVENUES						
Local Control Funding Formula	\$ 10,232	\$ 9,845	4%	\$ 10,221	\$ 10,211	0%
Categorical	3,486	4,032	-14%	2,421	3,008	24%
Local	826	890	-7%	589	616	5%
Total Revenues	14,544	14,767	-2%	13,231	13,835	5%
EXPENDITURES						
Certificated	6,270	6,338	-1%	6,276	6,324	1%
Classified	3,355	3,301	2%	3,352	3,316	-1%
Benefits	3,510	3,373	4%	3,219	3,232	0%
Supplies and services	2,073	1,768	17%	1,934	2,670	38%
Other	805	324	148%	574	582	1%
Total Expenditures	16,013	15,104	6%	15,355	16,124	5%
Net financing activities	16	(31)	-152%	(31)	(15)	-52%
NET CHANGE IN FUND BALANCE	\$ (1,453)	\$ (368)	-295%	\$ (2,155)	\$ (2,304)	-7%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District has an investment of \$24.1 million in a broad range of capital assets, including buildings, building improvements, and equipment. (See Table 6.) This amount represents a net decrease of \$968,000 assets over last year.

Table 6 - District's Capital Assets

<i>(amounts in thousands)</i>	2017	2016	\$ Change	% Change
Land and const. in progress	\$ 362	\$ 362	\$ -	0%
Buildings and equipment	36,849	36,663	186	1%
Accumulated depreciation	(13,122)	(11,968)	(1,154)	10%
Total Capital Assets	\$ 24,089	\$ 25,057	\$ (968)	-4%

This year's net capital asset additions included (\$186,000):

- ❖ Purchase of a new bus

Long-Term Liabilities

The District also had \$17 million in pension, OPEB, capital leases, 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>	2017	2016	\$ Change	% Change
Net pension liabilities	15,931	12,822	3,109	24%
Net OPEB	621	614	7	1%
Compensated absences	72	70	2	3%
Capital leases	373	404	(31)	-8%
Less current portion	(31)	(31)	-	0%
Total Long-term Liabilities	\$ 16,966	\$ 13,879	\$ 3,087	22%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2017

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, 2017

	Governmental
	<i>(Amounts in thousands)</i> Activities
ASSETS	
Deposits and investments	\$ 15,980
Accrued receivables	598
Inventory	13
Prepaid expenses	10
Capital assets, not depreciable	362
Capital assets, depreciable, net	23,727
Total Assets	40,690
DEFERRED OUTFLOWS OF RESOURCES	
	3,836
Total Assets and Deferred Outflows of Resources	44,526
LIABILITIES	
Accrued liabilities	540
Unearned revenue	11
Long-term obligations, current portion	31
Long-term obligations, net pension liability	16,966
Total Liabilities	17,548
DEFERRED INFLOWS OF RESOURCES	
	(1,102)
NET POSITION	
Net investment in capital assets	23,716
Restricted for	
Capital projects	271
Educational programs	1,031
Unrestricted	3,062
Total Net Position	28,080
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 44,526

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Instruction	\$ 8,910	\$ 16	\$ 1,436	\$ (7,458)
Instruction-related services				
Instructional supervision and administration	101	-	56	(45)
Instructional library, media, and technology	431	-	-	(431)
School site administration	1,059	1	48	(1,010)
Pupil services				
Home-to-school transportation	401	-	-	(401)
Food services	619	160	421	(38)
All other pupil services	844	59	537	(248)
General administration				
All other general administration	909	1	78	(830)
Plant services	1,706	81	50	(1,575)
Interest on long-term debt	23		-	(23)
Transfer to other agencies	636	16	203	(417)
Depreciation (unallocated)	1,155	-	-	(1,155)
Total Governmental Activities	\$ 16,794	\$ 334	\$ 2,829	(13,631)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				941
Federal and state aid not restricted for specific purposes				12,134
Interest and investment earnings				162
Interagency revenues				42
Miscellaneous				(129)
Subtotal, General Revenue				13,150
CHANGE IN NET POSITION				(481)
Net Position - Beginning				28,561
Net Position - Ending				\$ 28,080

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, 2017

	General Fund	Charter School Fund	Special Reserve Fund for Capital
ASSETS			
Deposits and investments	\$ 9,535,043	\$ 527,515	\$ 4,025,543
Accrued receivables	514,806	7,442	9,983
Due from other funds	115,561	9,251	-
Stores inventory	-	-	-
Prepaid expenditures	9,273	856	-
Total Assets	\$ 10,174,683	\$ 545,064	\$ 4,035,526
LIABILITIES			
Accrued liabilities	\$ 508,704	\$ 26,467	\$ 3,321
Due to other funds	74,422	94,785	-
Unearned revenue	10,557	-	-
Total Liabilities	593,683	121,252	3,321
FUND BALANCES			
Non-spendable	22,723	856	-
Spendable			
Restricted	999,592	31,777	262,243
Committed	-	-	-
Assigned	2,808,921	391,179	3,769,962
Unassigned	5,749,764	-	-
Total Fund Balances	9,581,000	423,812	4,032,205
Total Liabilities and Fund Balances	\$ 10,174,683	\$ 545,064	\$ 4,035,526

The accompanying notes are an integral part of these financial statements

Non-Major Governmental Funds	Total Governmental Funds
\$ 444,914	\$ 14,533,015
62,306	594,537
67,167	191,979
12,877	12,877
-	10,129
\$ 587,264	\$ 15,342,537
\$ 1,597	\$ 540,089
22,772	191,979
-	10,557
24,369	742,625
12,877	36,456
9,254	1,302,866
330,950	330,950
209,814	7,179,876
-	5,749,764
562,895	14,599,912
\$ 587,264	\$ 15,342,537

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2017

(\$ Amounts in thousands)

Total Fund Balance - Governmental Funds \$ 14,600

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	\$ 37,211	
	Accumulated depreciation	(13,122)	24,089

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	15,931	
	Compensated absences	72	
	Capital leases payable	373	(16,376)

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	3,836
	Deferred inflows of resources relating to pensions	1,102

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:

829

Total Net Position - Governmental Activities \$ 28,080

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, 2017

	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects
REVENUES			
Local Control Funding Formula ("LCFF") Sources	\$ 10,231,859	\$ 750,157	\$ -
Federal sources	2,066,238	-	-
Other State sources	1,419,999	54,598	-
Other local sources	825,786	4,810	41,021
Total Revenues	14,543,882	809,565	41,021
EXPENDITURES			
Current			
Instruction	9,144,417	528,247	-
Instruction-related services			
Instructional supervision and administration	70,487	-	-
Instructional library, media, and technology	539,975	-	-
School site administration	1,105,049	154,248	-
Pupil services			
Home-to-school transportation	685,970	20,000	-
Food services	-	-	-
All other pupil services	993,443	-	-
General administration			
All other general administration	1,055,870	-	-
Plant services	1,754,396	64,686	164,010
Transfers to other agencies	609,794	26,293	-
Debt service	53,665	-	-
Total Expenditures	16,013,066	793,474	164,010
Excess (Deficiency) of Revenues			
Over Expenditures	(1,469,184)	16,091	(122,989)
OTHER FINANCING SOURCES (USES)			
Transfers In	16,479	-	-
Transfers Out	-	-	-
Net Financing Sources (Uses)	16,479	-	-
NET CHANGE IN FUND BALANCE	(1,452,705)	16,091	(122,989)
Fund Balance - Beginning	11,033,705	407,721	4,155,194
Fund Balance - Ending	\$ 9,581,000	\$ 423,812	\$ 4,032,205

The accompanying notes are an integral part of these financial statements

Non-Major Governmental Funds	Total Governmental Funds
\$ 65,170	\$ 11,047,186
464,471	2,530,709
499,832	1,974,429
237,485	1,109,102
<u>1,266,958</u>	<u>16,661,426</u>
418,857	10,091,521
63,019	133,506
-	539,975
-	1,259,297
-	705,970
708,187	708,187
-	993,443
22,252	1,078,122
122,604	2,105,696
-	636,087
-	53,665
<u>1,334,919</u>	<u>18,305,469</u>
(67,961)	(1,644,043)
-	16,479
<u>(16,479)</u>	<u>(16,479)</u>
(16,479)	-
(84,440)	(1,644,043)
<u>647,335</u>	<u>16,243,955</u>
<u>\$ 562,895</u>	<u>\$ 14,599,912</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, 2017

(\$ Amounts in thousands)

Net Change in Fund Balances - Governmental Funds \$ (1,644)

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:	187	
Depreciation expense:	(1,155)	(968)

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, 2017

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:

(2)

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:

2,111

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:

(9)

Change in net position of Governmental Activities

\$ (481)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u> <u>Internal Service Fund</u> <u>Self-Insurance</u>
ASSETS	
Current assets	
Deposits and investments	\$ 1,446,789
Accrued receivables	3,588
Total Assets	\$ 1,450,377
LIABILITIES	
Non-current liabilities, OPEB	\$ 621,110
NET POSITION	
Unrestricted	829,267
Total Liabilities and Net Position	\$ 1,450,377

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, 2017

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Insurance</u>
OPERATING EXPENSE	
Professional services	\$ 24,027
NON-OPERATING REVENUE	
Interest income	14,818
CHANGE IN NET POSITION	<u>(9,209)</u>
Net Position - Beginning	<u>838,476</u>
Net Position - Ending	<u>\$ 829,267</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, 2017

	<u>Governmental Activities</u> <u>Internal Service Fund</u> <u>Self-Insurance</u>
Cash flows to operating activities	
Cash payments for insurance claims	\$ (16,535)
Cash flows from investing activities	
Interest received	14,450
NET DECREASE IN CASH	(2,085)
CASH	
Beginning of year	1,448,874
End of year	\$ 1,446,789
Reconciliation of operating activities	
Operating loss	\$ (24,027)
Increase in claims liabilities	7,492
Net cash used by operating activities	\$ (16,535)

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Beginning Balance	Additions	Deletions	ASB Agency Funds
ASSETS				
Deposits with financial institutions	\$ 91,090	\$ 139,831	\$ 161,681	\$ 69,240
LIABILITIES				
Due to student groups:				
Bear River	42,855	79,546	83,980	\$ 38,421
Wheatland	17,780	22,659	27,924	12,515
Lone Tree	23,262	30,149	40,726	12,685
Wheatland Charter	3,225	567	1,019	2,773
Pre-school	3,968	6,910	8,032	2,846
Total Liabilities	\$ 91,090	\$ 139,831	\$ 161,681	\$ 69,240

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017

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, 2017

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).

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, 2017

1 - D. Basis of Accounting – Measurement Focus

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. Local Control Funding Formula revenue, 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, 2017

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

Fair Value. 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; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2017:

- ❖ Cash in county of \$16 million was valued using quoted market prices (Level 1 inputs)

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, 2017, based on market prices. 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 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.

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, 2017

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, 2017, the General Fund had a balance of \$10,557 in unearned revenue from federal and state 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, 2017

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, 2017. Net Position was 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-wide financial statements report \$1.3 million of restricted net position.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2017

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

The Governmental Accounting Standards Board (“GASB”) has issued the following standards:

- ❖ Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 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 of paragraph 7 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.
- ❖ GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- ❖ GASB Statement No. 85, *Omnibus 2017*. The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged.
- ❖ GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after December 15, 2019.

For specific details about the standards, please see www.gasb.org.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS

2 - A. Summary of Deposits and Investments

	Governmental	Fiduciary	
	Activities	Funds	Total
Cash on hand	\$ 700	\$ -	\$ 700
Deposits in financial institutions	12,750	69,240	81,990
Cash in County	15,966,354	-	15,966,354
Total	\$ 15,979,804	\$ 69,240	\$ 16,049,044

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. The fair market value of Cash in County as of June 30, 2017 was \$15,961,838.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

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.

Allowable investment instruments per Government Code §§ 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
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%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency's money	Highest letter and number rating by an NRSROH
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and number rating by an NRSROH
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	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 daysL	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
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%	"AA" rating category or its equivalent or better R
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
Supranational Obligations	5 years	30%	"AA" rating category or its equivalent or better

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2017

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. As of June 30, 2017, the District's Cash in County pool consisted of debt securities and the ratings ranged from A to AAA by Standard & Poor's.

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, 2017, the District's bank balances of \$85,483 were insured.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

NOTE 3 – ACCRUED RECEIVABLES

Receivables at June 30, 2017, 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	\$ 443,340	\$ -	\$ -	\$ 43,811	\$ -	\$ 487,151
State Government						
Categorical aid	41,332	6,134	-	14,683	-	62,149
Local Government						
Interest	23,614	1,308	9,983	1,103	3,588	39,596
Other Local Sourc	6,520	-	-	2,709	-	9,229
Total	\$ 514,806	\$ 7,442	\$ 9,983	\$ 62,306	\$ 3,588	\$ 598,125

NOTE 4 – CAPITAL ASSETS

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

	Balance			Balance	
	(Amounts in thousands)	July 01, 2016	Additions	Deductions	June 30, 2017
Capital assets not being depreciated					
Land		\$ 362	\$ -	\$ -	\$ 362
Capital assets being depreciated					
Buildings & improvements		\$ 34,642	\$ -	\$ -	\$ 34,642
Furniture & equipment		2,020	187	-	2,207
Total Capital Assets Being Depreciated		36,662	187	-	36,849
Less Accumulated Depreciation					
Buildings & improvements		10,843	990	-	11,833
Furniture & equipment		1,124	165	-	1,289
Total Accumulated Depreciation		11,967	1,155	-	13,122
Depreciable Capital Assets, net		\$ 24,695	\$ (968)	\$ -	\$ 23,727
Total Capital Assets, net		\$ 25,057	\$ (968)	\$ -	\$ 24,089

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

NOTE 5 – INTERFUND TRANSACTIONS

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

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Charter School Fund</u>	<u>Non-Major Gov't Funds</u>	
General Fund	\$ -	\$ 9,252	\$ 65,170	\$ 74,422
Charter Schools Special Revenue Fund	94,785	-	-	94,785
Non-Major Funds	20,776	-	1,996	22,772
Total Due From Other Funds	\$ 115,561	\$ 9,252	\$ 67,166	\$ 191,979

The General Fund owes the Charter Fund for In-Lieu property taxes in the amount of	\$ 9,252
The General Fund owes the Deferred Maintenance Fund contribution in the amount of	65,170
The Charter School Fund owes the General Fund for operational costs and excess costs in the amount of	94,785
The Child Development Fund owes the Cafeteria Fund for the cost of breakfast provided in the amount of	1,996
The Child Development Fund owes the General Fund for various operational costs and indirect costs in the amount of	12,529
The Cafeteria Fund owes the General Fund for operational costs in the amount of	8,247
Total	\$ 191,979

5 - B. Operating Transfers

<u>Transfer To Other Funds</u>	<u>Interfund Transfers In General Fund</u>
Child Development Fund	\$ 16,479

The Child Development Fund transferred to the General Fund for the CDE Child Development Reverse Account from 2015/2016 the amount of	\$ 16,479
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WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017, consisted of the following:

	General Fund	Charter School Fund	Special Reserve for Capital Outlay Fund	Non-Major Gov. Funds	Total Gov. Activities
Payroll	\$ 18,155	\$ -	\$ -	\$ -	\$ 18,155
LCFF adjustment for property tax	61,877	-	-	-	61,877
Special education	12,355	-	-	-	12,355
Vendors and sales tax payable	304,531	26,467	3,321	1,597	335,916
Yuba and Sutter COE payables	111,786	-	-	-	111,786
Total	\$ 508,704	\$ 26,467	\$ 3,321	\$ 1,597	\$ 540,089

NOTE 7 – LONG-TERM OBLIGATIONS

7 - A. Long-Term Obligations Summary

	Balance			Balance	Balance Due
<i>(Amounts in thousands)</i>	July 01, 2016	Additions	Deductions	June 30, 2017	In One Year
Governmental Activities					
Capital leases	\$ 404	\$ -	\$ 31	\$ 373	\$ 31
Net pension liabilities ("NPL")					
Cal STRS	8,695	3,279	1,533	10,441	-
Cal PERS	4,127	2,111	748	5,490	-
Total NPL	12,822	5,390	2,281	15,931	-
Net OPEB obligations	614	7	-	621	-
Compensated absences	70	2	-	72	-
Total	\$ 13,910	\$ 5,399	\$ 2,312	\$ 16,997	\$ 31

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, 2017

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:

Year Ending June 30,	<i>(Amounts in thousands)</i>	Estimated Lease Payment	Maximum Lease Payment
2018		\$ 61	\$ 67
2019		61	67
2020		61	66
2021		303	318
Total payments		486	\$ 518
Less: Amount representing interest		113	
Present value of minimum lease payments		\$ 373	

7 - C. Net Pension Liability

The District's prior year contributions of \$696,000 to Cal STRS and \$396,000 to Cal PERS, are used to calculate the current liability, which at June 30, 2017 was a total of \$15.9 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, 2017, was an increase of \$7,000 and contributions made by the District during the year were \$22,000, which resulted in a net OPEB obligation of \$621,000. 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, 2017, amounted to \$72,000.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

NOTE 8 – FUND BALANCES

Fund balances are composed of the following elements:

	<u>General Fund</u>	<u>Charter School Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Gov. Funds</u>	<u>Total Gov. Funds</u>
Non-spendable					
Non-restricted					
Reserve for revolving cash	\$ 13,450	\$ -	\$ -	\$ -	\$ 13,450
Reserve for stores inventory	-	-	-	12,877	12,877
Reserve for prepaid expenditures	9,273	856	-	-	10,129
Total Nonspendable	22,723	856	-	12,877	36,456
Spendable					
Restricted					
Educational programs					
State	305,121	31,777	262,243	-	599,141
Local	694,471	-	-	-	694,471
Capital facilities	-	-	-	9,254	9,254
Total Restricted	999,592	31,777	262,243	9,254	1,302,866
Committed					
Deferred maintenance	-	-	-	330,950	330,950
Assigned					
Salaries	1,094,571	51,371	-	-	1,145,942
Vacation payouts	71,935	-	-	-	71,935
School Site Carryovers	463,577	-	-	-	463,577
Lottery	1,178,838	28,152	-	-	1,206,990
Facility acquisition	-	225,000	-	-	225,000
Equipment	-	-	-	-	-
Charter school fund	-	86,656	-	-	86,656
Child development	-	-	-	61,032	61,032
Cafeteria	-	-	-	148,782	148,782
Capital projects	-	-	3,769,962	-	3,769,962
Total Assigned	2,808,921	391,179	3,769,962	209,814	7,179,876
Unassigned					
Reserve for economic uncertainties	944,391	-	-	-	944,391
Unassigned	4,805,373	-	-	-	4,805,373
Total Unassigned	5,749,764	-	-	-	5,749,764
Total	\$ 9,581,000	\$ 423,812	\$ 4,032,205	\$ 562,895	\$ 14,599,912

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.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS

9 - A. General Information about California Teachers' Retirement System ("CalSTRS")

9 - A.I Plan Description.

CalSTRS administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan, and a fund used to account for ancillary activities associated with various deferred compensation plans and programs:

- ❖ State Teachers' Retirement Plan ("STRP")
- ❖ CalSTRS Pension 2 Program (Internal Revenue Code 403(b) and 457(b) plans)
- ❖ Teachers' Health Benefits Fund ("THBF")
- ❖ Teachers' Deferred Compensation Fund ("TDCF")

CalSTRS provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The terms of the plans may be amended through legislation.

The STRP is a multiple employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit ("DB") Program, Defined Benefit Supplement ("DBS") Program, Cash Balance Benefit ("CBB") Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

9 - A.II Benefits Provided

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

9 - A.III Plan Contribution:

Contributions:	Effective Date	2% at 60 Members	2 % at 62 Members
Members:	July 1, 2016	9.20%	8.56%
Employers:	July 1, 2016	12.58%	
	July 1, 2017	14.43%	
	July 1, 2018	16.28%	
	July 1, 2019	18.13%	
	July 1, 2020	19.10%	
	July 1, 2021 – June 30, 2046	The board cannot adjust the employer rate by more than 1% in a fiscal year, and the increase to the contribution rate above the 8.25% base contribution rate cannot exceed 12% for a maximum of 20.25 percent.	
State:	July 1, 2016	Increase from prior rate ceases in 2046-47	
	July 1, 2016	8.828%	
	July 1, 2017 – June 30, 2046	8.828%, The board has limited authority to adjust state contribution rates from July 1, 2017, through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.	
	July 1, 2046 and thereafter	4.517%, and same explanation as above	

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

At June 30, 2017, 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	\$ 10,441
State's proportionate share of the net pension liability associated with the District	3,788
Total	\$ 14,229

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

The net pension liability was measured as of June 30, 2016, 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 employer contributions to the STRP was calculated by CalSTRS based on creditable compensation for active members reported by employers to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2016, the District's proportion was as follows:

	<u>Jun. 30, 2016</u>	<u>Jun. 30, 2015</u>	<u>Difference</u>
Net Pension Liability Allocation Basis	0.0001291	0.0001292	-0.0000001

For the year ended June 30, 2017, the District recognized pension expense of \$(661,000) and revenue of \$397,000 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>(Amounts in thousands)</i>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 252
Net difference between projected and actual earnings on pension plan investments	830	-
Changes in proportion and differences between District contributions and proportionate share of contributions	217	4
District contributions subsequent to the measurement date	696	-
Total	\$ 1,743	\$ 256

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*):

Year Ending June 30,	<i>(Amounts in thousands)</i>	
2018	\$ 906	\$ 37
2019	210	36
2020	209	36
2021	209	36
2022	209	36
2023 - 2024	-	75
Total	\$ 1,743	\$ 256

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2006 – June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return ¹	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75
Post-retirement Benefit Increases	2% simple for DB (Annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

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 specific experience through June 30, 2015. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis and June 30, 2015 Actuarial Program Valuations for more information.

¹ Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5% assumed investment rate of return for funding purposes which is net of administrative expenses.

² RP2000 series tables are an industry standard set of mortality rates published in 2000 by the Society of Actuaries.

9 - A.IV(2)Discount Rate.

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. The actuarial investment rate of return assumption was adopted by the board in 2012 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2016, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return ³
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return/Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash/Liquidity	2	-1.00

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2017

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 disclosed in Note 1 to the Basic Financial Statements in CalSTRS Comprehensive Annual Financial Report (“CAFR”) as of and for the fiscal year ended June 30, 2016. 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.

³ 20-years geometric average

9 - A.IV(3) Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

Presented below is the net pension liability of employers and the state using the current discount rate of 7.60%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<i>(Amounts in thousands)</i>	Current		
	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$ 15,028	\$ 10,441	\$ 6,632

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 financial report.

9 - B. General Information about California Public Employees’ Retirement System (“CalPERS”)

9 - B.I Plan Description.

The California Public Employees’ Retirement System (“CalPERS” or the System) is a cost-sharing, multiple-employer defined benefit public pension fund. CalPERS provides retirement benefit services for state, school, and public employers. Governed by a 13-member Board of Administration consisting of member-elected, appointed, and ex officio members. Established by legislation in 1931, the System became operational in 1932 to provide retirement to state employees. In 1939, new legislation allowed public agency and classified school employees to join CalPERS for retirement benefits. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees’ Retirement Law. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2016.pdf>.

For accounting purposes only, Public Employees’ Retirement Fund (“PERF”) is comprised of and reported as three separate entities. PERF A is comprised of agent multiple-employer plans, which includes the State of California and most public agencies’ rate plans with more than 100 active members. PERF B is a cost-sharing multiple employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies with generally less than 100 active members. The District’s NPL is a part of PERF B.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

9 - B.II Benefits provided.

The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. The District's part of the PERF B – Schools Cost-Sharing risk pool, with a benefit formula of 2.0% @ 55 and 2.0% @ 62, if membership date on or after January 1, 2013. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

9 - B.III Contributions.

CalPERS required employer contributions to be 13.888% of creditable. The report also reported an employee contribution rate of 7.00%. Contributions to the pension plan from the District was \$482,121 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$5.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 agencies, actuarially determined. The District's proportion was calculated as follows:

	<u>Jun. 30, 2016</u>	<u>Jun. 30, 2015</u>	<u>Difference</u>
Net Pension Liability Allocation Basis	0.0002780	0.0002800	-0.0000020

For the year ended June 30, 2017, the District recognized pension expense of \$(1,450,000). At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>(Amounts in thousands)</i>		
Differences between expected and actual experience	\$ 236	\$ -
Changes of assumptions	-	165
Net difference between projected and actual earnings on pension plan investments	1,395	542
Changes in proportion and differences between District contributions and proportionate share of contributions	66	139
District contributions subsequent to the measurement date	396	-
Total	\$ 2,093	\$ 846

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

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*):

Year Ending June 30,	<i>(Amounts in thousands)</i>	
2018	\$ 931	\$ 483
2019	523	356
2020	417	7
2021	222	-
Total	\$ 2,093	\$ 846

9 - B.IV(1) Actuarial assumptions.

The total pension liability were determined by actuarial valuations as of June 30, 2015, by fund, which were rolled forward to June 30, 2016, using the following actuarial assumptions:

Inflation rate	2.75%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS membership data for all funds
Period Upon Which Actuarial Experience Survey Assumptions Were Based	1997-2011
Post-Retirement Benefit Increase	2.00% until PPPA floor on purchasing power applies, 2.75% thereafter
Discount Rate	7.65%

¹ 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) available online at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experiencestudy-2014.pdf>.

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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

9 - B.IV(2)

The tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10 ¹	Real Return Years 11+ ²
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0%	0.99%	2.43%
Inflation Assets	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	1.0%	(0.55%)	(1.05%)

¹ An expected inflation rate of 2.50% used for this period.

² An expected inflation rate of 3.00% used for this period.

9 - B.IV(3) Discount Rate.

The discount rates used to measure the total pension liability for the PERF B was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods recently adopted by the Board were used. For the PERF B, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests 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 PERF B.

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 current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one percentage point higher (+100 basis points) than the current rate:

<i>(Amounts in thousands)</i>	Current		
	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	\$ 8,192	\$ 5,490	\$ 3,241

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 Comprehensive Annual Financial Report.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2017

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

10 - A. General Information about the OPEB Plan

10 - A.I Plan Description.

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:

	<u>Certificated</u>	<u>Classified</u>	<u>Management</u>
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

10 - A.II Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the legislature. For fiscal year 2017, the District contributed \$16,535 to the plan for current premiums.

10 - B. Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the state’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

	<i>(Amounts in thousands)</i>	
Annual required contribution	\$	22
Interest on net OPEB obligation		28
Adjustment to annual required contribution		(26)
<hr/>		
Annual OPEB cost (expense)		24
Contributions made		(17)
<hr/>		
Increase in net OPEB obligation		7
Net OPEB obligation - Beginning of year		614
<hr/>		
Net OPEB obligation - End of year	\$	621

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2017

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year	Annual OPEB	Percentage of	Net OPEB
Ended	Cost	Annual OPEB	Obligation
		Cost	
		Contributed	
Jun. 30, 2015	\$ (40)	(0.464)	599,927
Jun. 30, 2016	48	0.717	613,618
Jun. 30, 2017	24	0.708	621,110

10 - C. Funded Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$701,712, resulting in an unfunded actuarial accrued liability ("UAAL") of \$753,214. The covered payroll (annual payroll of active employees covered by the plan) was \$9.8 million, and the ratio of the UAAL to the covered payroll was 8%.

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

10 - D. Actuarial Methods and Assumptions

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

In the February 1, 2017, actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return. 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. An annual healthcare cost trend rate of 4%. Both rates included a 2.75% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 24 years.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2017

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, 2017.

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 – EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2017, the following District funds exceeded the budgeted amounts in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
Charter Schools Special Revenue Fund	\$ 787,341	\$ 793,474	\$ (6,133)
Capital Facilities Fund	\$ 44,900	\$ 54,980	\$ (10,080)
Self-Insurance Fund	\$ 17,888	\$ 24,027	\$ (6,139)

NOTE 13 – 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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2017

During the year ended June 30, 2017, the District made the following payments to each JPA:

<u>Joint Powers Authority</u>	<u>2017 Payments</u>
NVSIG	\$193,594
TCSIG	129,257
CVT	2,183,129
SPURR	23,690

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REQUIRED SUPPLEMENTARY INFORMATION

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 9,488,184	\$ 9,496,967	\$ 9,420,885	\$ (76,082)
Local sources	851,291	837,124	940,879	103,755
Transfers	(118,754)	(123,539)	(129,905)	(6,366)
Federal sources	1,667,352	1,969,704	2,066,238	96,534
Other State sources	753,730	1,037,961	1,419,999	382,038
Other local sources	588,639	616,475	825,786	209,311
Total Revenues	13,230,442	13,834,692	14,543,882	709,190
EXPENDITURES				
Certificated salaries	6,276,205	6,323,458	6,269,718	53,740
Classified salaries	3,352,047	3,316,356	3,354,940	(38,584)
Employee benefits	3,218,713	3,232,019	3,510,195	(278,176)
Books and supplies	869,419	1,328,398	1,146,652	181,746
Services and other operating expenditures	1,064,388	1,342,063	926,288	415,775
Capital outlay	187,000	186,731	186,731	-
Other outgo				
Excluding transfers of indirect costs	410,493	418,152	640,794	(222,642)
Transfers of indirect costs	(23,600)	(22,919)	(22,252)	(667)
Total Expenditures	15,354,665	16,124,258	16,013,066	111,192
Excess (Deficiency) of Revenues				
Over Expenditures	(2,124,223)	(2,289,566)	(1,469,184)	820,382
Other Financing Sources (Uses):				
Transfers In	-	16,479	16,479	-
Transfers Out	(31,000)	(31,000)	-	31,000
Net Financing Sources (Uses)	(31,000)	(14,521)	16,479	31,000
NET CHANGE IN FUND BALANCE	(2,155,223)	(2,304,087)	(1,452,705)	851,382
Fund Balance - Beginning	11,041,454	11,033,706	11,033,705	
Fund Balance - Ending	\$ 8,886,231	\$ 8,729,619	\$ 9,581,000	\$ 851,382

WHEATLAND ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variance -
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive / (Negative) Final to Actual</u>
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 620,000	\$ 690,223	\$ 685,422	\$ (4,801)
Transfers	53,538	58,369	64,735	6,366
Other State sources	16,633	35,753	54,598	18,845
Other local sources	3,000	3,000	4,810	1,810
Total Revenues	693,171	787,345	809,565	22,220
EXPENDITURES				
Certificated salaries	323,647	325,108	323,481	1,627
Classified salaries	117,638	117,638	115,928	1,710
Employee benefits	164,091	164,091	177,036	(12,945)
Books and supplies	40,738	45,073	46,618	(1,545)
Services and other operating expenditures	114,400	116,431	104,118	12,313
Other outgo				
Excluding transfers of indirect costs	19,000	19,000	26,293	(7,293)
Total Expenditures	779,514	787,341	793,474	(6,133)
NET CHANGE IN FUND BALANCE	(86,343)	4	16,091	16,087
Fund Balance - Beginning	407,722	407,722	407,721	
Fund Balance - Ending	\$ 321,379	\$ 407,726	\$ 423,812	\$ 16,087

WHEATLAND ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017**

Cal STRS	<i>(Amounts in thousands)</i>	2017	2016	2015
District's proportion of the net pension liability (asset)		0.013%	0.013%	0.012%
District's proportionate share of the net pension liability (asset)	\$	10,441	\$ 8,695	\$ 7,280
State's proportionate share of the net pension liability (asset) associated with the District		4,918	3,088	2,755
Total	\$	15,359	\$ 11,783	\$ 10,035
District's covered payroll		6,489	6,052	5,500
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		161%	144%	132%
Plan fiduciary net position as a percentage of the total pension liability		70%	74%	77%
Cal PERS	<i>(Amounts in thousands)</i>	2017	2016	2015
District's proportion of the net pension liability (asset)		0.028%	0.027%	0.030%
District's proportionate share of the net pension liability (asset)	\$	5,490	\$ 4,127	\$ 3,040
District's covered payroll	\$	3,341	\$ 3,104	\$ 2,817
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		164%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability		74%	79%	83%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS

Cal STRS	<i>(Amounts in thousands)</i>	2017	2016	2015
Contractually required contribution	\$	835	\$ 696	\$ 455
Contributions in relation to the contractually required contribution		(835)	(696)	(455)
Contribution deficiency (excess)	\$	-	\$ -	\$ -

District's covered payroll	\$	6,639	\$ 6,489	\$ 6,052
Contributions as a percentage of covered payroll		13%	11%	8%

Cal PERS	<i>(Amounts in thousands)</i>	2017	2016	2015
Contractually required contribution	\$	482	\$ 396	\$ 365
Contributions in relation to the contractually required contribution		(482)	(396)	(365)
Contribution deficiency (excess)	\$	-	\$ -	\$ -

District's covered payroll	\$	3,471	\$ 3,341	\$ 3,104
Contributions as a percentage of covered payroll		14%	12%	12%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT HEALTHCARE PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)—Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
February 1, 2017	\$ -	\$ 753,214	\$ 753,214	0%	\$ 9,829,970	8%

SUPPLEMENTARY INFORMATION

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
Federal Impact Aid	84.041	*	1,492,379
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	273,353
Title II, Part A, Teacher Quality	84.367	14341	40,951
Title III, Immigrant Education Program	84.365	15146	4,578
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	8,048
Special Ed Cluster: IDEA [1]			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	217,324
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	15,627
Total Special Education Cluster			232,951
Total U. S. Department of Education			2,052,260
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child Nutrition Cluster [1]			
National School Lunch	10.555	13524	280,507
Especially Needy Breakfast	10.553	13526	98,515
Meal Supplements	10.555	13524	40,449
Total Child Nutrition Cluster			419,471
Food Distribution Program	10.558	*	46,508
Total U. S. Department of Agriculture			465,979
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
Medi-Cal Administrative Activities (MAA)	93.778	10060	13,979
Total U. S. Department of Health & Human Services			39,097
Total Federal Expenditures			\$ 2,557,336

[1] - Major Program

No amount provided to subrecipients

* - Direct funded or no PCA available

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2017

Wheatland Elementary School District:

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY		
Kindergarten through third	548	547
Fourth through sixth	396	394
Seventh through eighth	243	241
Extended year and nonpublic special education	3	3
Total Elementary ADA	1,190	1,185

Wheatland Charter Academy

	<u>Second Period Report</u>	<u>Annual Report</u>
REGULAR ELEMENTARY		
Total kindergarten through third	78	77
Total fourth through sixth	12	12
Extended year and nonpublic special education	0	0
Total Elementary ADA	90	89
Classroom-based kindergarten through third	78	77
Classroom-based fourth through sixth	12	12
Classroom-based extended year and nonpublic special education	0	0
Total Classroom-Based Elementary ADA	90	89

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2017

Wheatland Elementary:

Grade Level	1982 - 83	Education Code	Current Year	Current Year	Status
	Actual Minutes ¹	§ 46207(a) Minutes' Requirements ²	Minutes ³	Days ⁴	
Kindergarten	31,938	36,000	49,310	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

¹ Shown for historical purposes

² District did NOT meet its LCFF funding target

³ District participated in Longer Instructional Day

⁴ District participated in Longer Instructional Year

Wheatland Charter Academy:

Grade Level	1982 - 83 ⁵	Ed. Code	2017	2017	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

⁵ Did not exist in 1982-83

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

	2018 (Budget)	2017	2016	2015
GENERAL FUND:				
Revenues	\$ 13,209,853	\$ 14,543,882	\$ 14,766,675	\$ 14,694,102
Transfers in	-	16,479	-	-
Total	13,209,853	14,560,361	14,766,675	14,694,102
Expenditures	15,297,115	16,013,066	15,102,937	14,868,255
Other uses and transfers out	31,000	-	30,714	30,889
Total	15,328,115	16,013,066	15,133,651	14,899,144
INCREASE/(DECREASE)				
IN FUND BALANCE	\$ (2,118,262)	\$ (1,452,705)	\$ (366,976)	\$ (205,042)
ENDING FUND BALANCE				
	\$ 7,462,738	9,581,000	11,033,705	11,400,681
AVAILABLE RESERVES ¹				
	\$ 1,605,239	\$ 6,024,837	\$ 7,417,601	\$ 7,962,265
AVAILABLE RESERVES AS A				
PERCENTAGE OF OUTGO	10%	38%	49%	53%
LONG-TERM DEBT				
	N/A	\$ 16,997,045	\$ 13,910,066	\$ 11,417,895
AVERAGE DAILY				
ATTENDANCE AT P-2	1,998	1,190	1,209	1,201

The General Fund balance has decreased by \$1,544,608 over the past two years. The fiscal year 2017-18 budget projects a decrease of \$2,118,262 (twenty-one 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 four years and anticipates incurring an operating deficit during the 2017-18 fiscal year. Total long term obligations have increased by \$5.6 million over the past two years.

Average daily attendance has decreased by 11 ADA over the past two years. An increase of 8 ADA is anticipated during fiscal year 2017-18.

¹ 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, 2017

	General Fund	Special Reserve for Other Than Capital Outlay	Self- Insurance Fund
FUND BALANCE			
Balance, June 30, 2017,			
Unaudited Actuals:	\$ 7,144,583	\$ 2,711,490	\$ 836,759
Increase in:			
Cash in county	2,704,782	-	-
Accrued receivables	6,708	-	-
Accrued payables	(275,073)	-	-
Decrease in:			
Cash in county	-	(2,704,782)	-
Accrued receivables	-	(6,708)	-
OPEB liability	-	-	(7,492)
Audited financial statement	\$ 9,581,000	\$ -	\$ 829,267

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2017

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

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 JUNE 30, 2017

	Child Development Fund		Deferred Maintenance Fund		Capital Facilities Fund		Non-Major Governmental Funds			
ASSETS										
Deposits and investments	\$	36,932	\$	135,229	\$	265,387	\$	7,366	\$	444,914
Accrued receivables		38,654		21,106		658		1,888		62,306
Due from other funds		-		1,997		65,170		-		67,167
Stores inventory		-		12,877		-		-		12,877
Total Assets	\$	75,586	\$	171,209	\$	331,215	\$	9,254	\$	587,264
LIABILITIES										
Accrued liabilities	\$	29	\$	1,303	\$	265	\$	-	\$	1,597
Due to other funds		14,525		8,247		-		-		22,772
Total Liabilities		14,554		9,550		265		-		24,369
FUND BALANCES										
Non-spendable		-		12,877		-		-		12,877
Spendable										
Restricted		-		-		-		9,254		9,254
Committed		-		-		330,950		-		330,950
Assigned		61,032		148,782		-		-		209,814
Total Fund Balances		61,032		161,659		330,950		9,254		562,895
Total Liabilities and Fund Balances	\$	75,586	\$	171,209	\$	331,215	\$	9,254	\$	587,264

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, 2017

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Non-Major Governmental Funds
REVENUES					
Local Control Funding					
Transfers	\$ -	\$ -	\$ 65,170	\$ -	\$ 65,170
Federal sources	25,118	439,353	-	-	464,471
Other State sources	473,205	26,627	-	-	499,832
Other local sources	52,848	162,718	2,625	19,294	237,485
Total Revenues	551,171	628,698	67,795	19,294	1,266,958
EXPENDITURES					
Current					
Instruction	418,857	-	-	-	418,857
Instruction-related services					
Instructional supervision and administration	63,019	-	-	-	63,019
Pupil services					
Food services	-	708,187	-	-	708,187
General administration					
All other gen. admin.	22,252	-	-	-	22,252
Plant services	56,072	-	11,552	54,980	122,604
Total Expenditures	560,200	708,187	11,552	54,980	1,334,919
Excess (Deficiency) of Revenues					
Over Expenditures	(9,029)	(79,489)	56,243	(35,686)	(67,961)
OTHER FINANCING SOURCES					
Transfers Out	(16,479)	-	-	-	(16,479)
NET CHANGE IN					
FUND BALANCE	(25,508)	(79,489)	56,243	(35,686)	(84,440)
Fund Balance - Beginning	86,540	241,148	274,707	44,940	647,335
Fund Balance - Ending	\$ 61,032	\$ 161,659	\$ 330,950	\$ 9,254	\$ 562,895

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. The District did not have any changes to the boundaries this year;

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. Of the listed positions, currently the District only has a superintendent.

This schedule is located in the front of the report.

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, 2017, 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 December 4, 2017.

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.

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.

Dennis Cooper and Associates, CPAs

December 1, 2017

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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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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*, 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.

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, 2017.

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.

Dennis Cooper and Associates, CPA's

December 1, 2017

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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 *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide), 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, 2017.

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 *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide), 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 with the programs listed on the next page for the year ended June 30, 2017.

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:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
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
Q. Mental Health Expenditures	Yes
School Districts, County Offices Of Education, And Charter Schools	
R. Educator Effectiveness	Yes
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	Not Applicable
Charter Schools	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not Applicable ¹
DD. Determination of Funding for Nonclassroom-Based Instruction	Not Applicable ¹
EE. Annual Instructional Minutes - Classroom Based	Yes
FF. Charter School Facility Grant Program	Not Applicable

¹Classroom-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 *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (2016-17 K-12 Audit Guide). Accordingly, this report is not suitable for any other purpose.

Dennis Cooper and Associates, CPA's

December 1, 2017

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, 2017**

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>
<u>10.553, 10.555 and 10.558</u>	<u>Child Nutrition Cluster</u>
<u>84.027</u>	<u>Special Ed Cluster: IDEA [1]</u>

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, 2017

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, 2017**

There were no Federal Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

There were no State Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

There were no Prior Audit Findings.

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