WHEATLAND ELEMENTARY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

WHEATLAND ELEMENTARY SCHOOL DISTRICT

OF YUBA COUNTY

WHEATLAND, CALIFORNIA

JUNE 30, 2019

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ish Medina	President	December 2022
Kathy Herbert	Clerk	December 2020
Ronna Eaton	Member	December 2022
Nicole Crabb	Member	December 2020
Raegean Waltz	Member	December 2022
Colonel Shannon Juby	Beale AFB Liason (non-voting)	NA

ADMINISTRATION

Craig Guensler	Superintendent

ORGANIZATION

The Wheatland Elementary School District was established in 1871 and is located in Yuba County. The District was established when the former Bear River School District was divided into Virginia and Wheatland School Districts. The District operates two elementary schools, one 4th-8th grade school, and one charter school, Wheatland Charter Academy.

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

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RTDENNIS ACCOUNTANCY

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, 2019, 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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* ("Current 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.

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www.dennis-cpa.com

RT DENNIS
ACCOUNTANCY

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wheatland Elementary School District, as of June 30, 2019, 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 5-17 and 63-67, 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 Current K-12 Audit Guide, 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 6, 2019 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 the effectiveness of Wheatland Elementary School District 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.

R J Dennis Accountancy

December 6, 2019

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, 2019. 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 $21.4 million at June 30, 2019. This was a decrease of almost $2.1 million from the beginning balance.
- Overall revenues were $20.1 million, which was less than expenses of $22.1 million.
- The net cost of the District's programs (expenses after program revenues) was $17.9 million.
- The general fund reported an increase in fund balance this year of $0.7 million.
- The resources available for appropriation were $1.3 million more than budgeted for the General Fund, and expenditures were under spending limits by approximately $0.5 million.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

This annual report consists of four parts—*management's discussion and analysis* (this section), the *basic financial statements*, 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

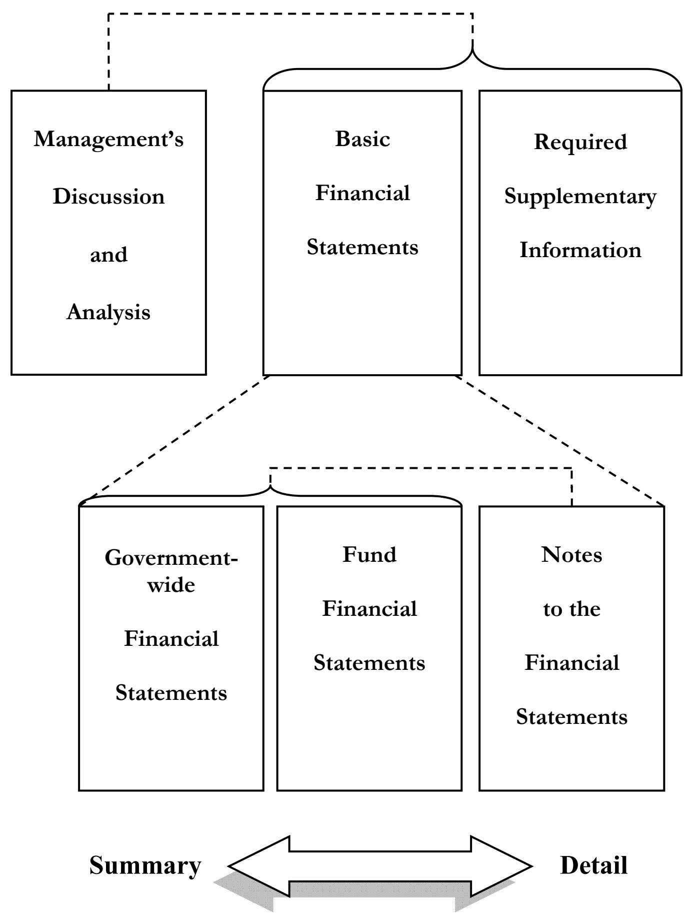
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.

- 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.

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	❖ Statement of net position ❖ Statement of activities	❖ Balance sheet ❖ Statement of revenues, expenditures, and changes in fund balances	❖ Statement of net position ❖ Statement of revenues, expenses and changes in net position ❖ Statement of cash flows	❖ 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

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.

- *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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position decreased between fiscal years 2018 and 2019—decreasing to $21.4 million. (See Table 1.)

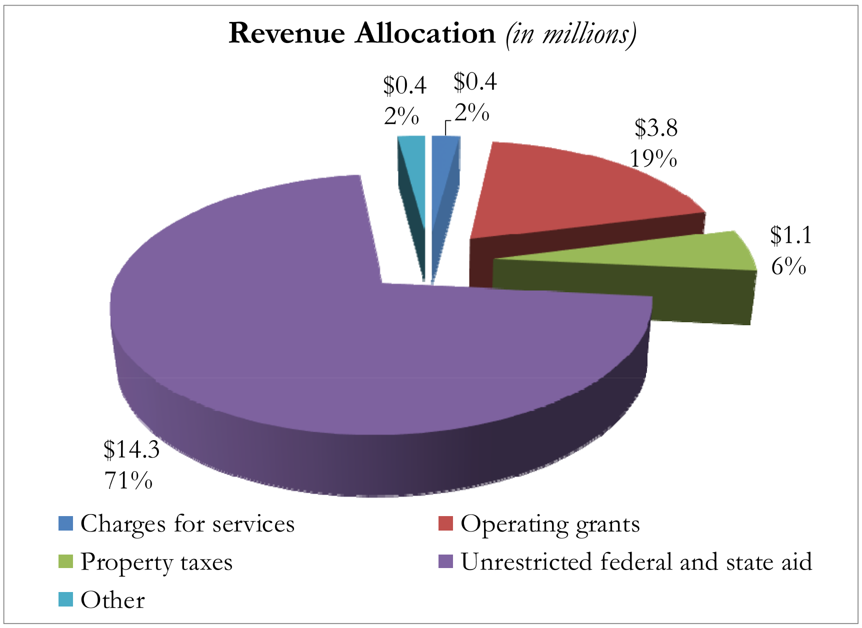
Table 1 - Net Position

(amounts in millions)	2019	2018	$ Change	% Change
ASSETS				
Current assets	$ 15.0	$ 15.5	$ (0.5)	-3%
Capital assets, net	22.6	23.1	(0.5)	-2%
Total Assets	37.6	38.6	(1.0)	-3%
DEFERRED OUTFLOWS OF RESOURCES	4.7	5.0	(0.3)	-6%
LIABILITIES				
Current liabilities	0.5	0.5	-	0%
Non-current liabilities	19.6	18.7	0.9	5%
Total Liabilities	20.1	19.2	0.9	5%
DEFERRED INFLOW OF RESOURCES	0.8	0.9	(0.1)	-11%
NET POSITION				
Net investment in capital assets	22.6	22.7	(0.1)	0%
Restricted	1.4	2.5	(1.1)	-44%
Unrestricted (Deficit)	(2.6)	(1.7)	(0.9)	53%
Total Net Position	$ 21.4	$ 23.5	$ (2.1)	-9%

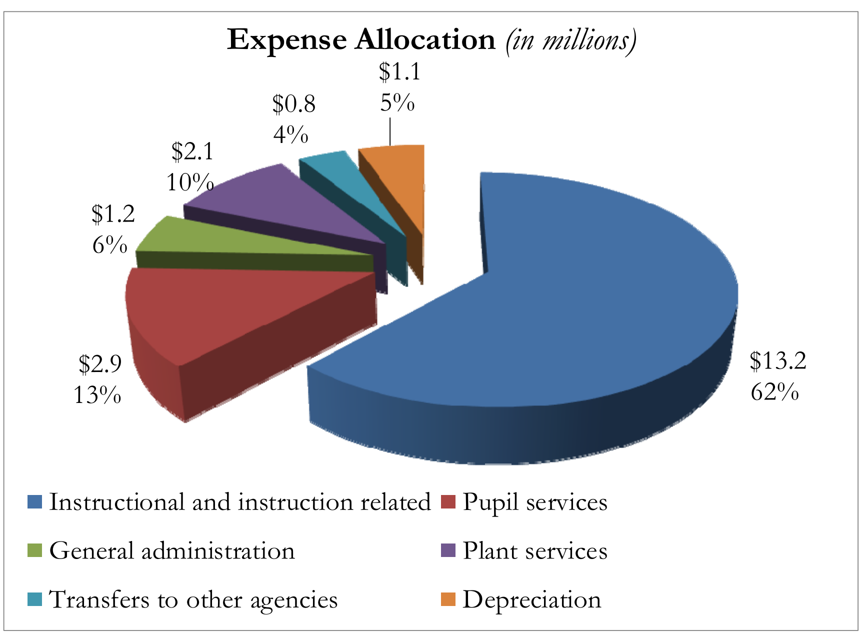
The net position decreased eighteen percent. Some of the components either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, and so on). Consequently, the *unrestricted* component of net position (deficit) showed $2.6 million at the end of this year. Most of this is attributed to decreased fund performance as well as an increase in the pension liability

Changes in Net Position

The District's total revenue increased slightly to $20.1 million. (See Table 2.) Almost three-quarters of the District's revenue comes from LCFF related and impact aid. Nineteen 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 decreased $0.5 million. The District's expenses cover a range of services, with more than half related to instruction and instruction related. (See Expense Allocation.)



Governmental Activities

Revenues for the District increased; while total expenses decreased by percent. Increase in LOT percentage payments for Impact Aid, as well as the COLA increase for LCFF and miscellaneous new grants added by the state.

Table 2 - Changes in Net Position

(amounts in millions)	2019	2018	$ Change	% Change
REVENUES				
Program revenues				
Charges for services	$ 0.4	$ 0.3	$ 0.1	33%
Operating grants	3.8	2.8	1.0	36%
General revenues				
Property taxes	1.1	1.0	0.1	10%
Unrestricted federal and state aid	14.3	12.1	2.2	18%
Other	0.4	1.5	(1.1)	-73%
Total Revenues	20.0	17.7	2.3	13%
EXPENSES				
Instructional and instruction related	13.2	13.9	(0.7)	-5%
Pupil services	2.9	3.0	(0.1)	-3%
General administration	1.2	1.4	(0.2)	-14%
Plant services	2.1	2.5	(0.4)	-16%
Transfers to other agencies	0.8	0.7	0.1	14%
Depreciation	1.1	1.1	-	0%
Total Expenses	22.1	22.6	(0.5)	-2%
Deficiency	$ (2.1)	$ (4.9)	$ 2.8	57%

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 $22.1 million.
- Some of the cost was paid by:
  – Those who directly benefited from the programs ($383,000).
  – Other governments and organizations that subsidized certain programs with grants and contributions ($3.8 million).
- The District paid for the $17.9 million "public benefit" portion with $14.2 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			
(amounts in millions)	**2019**	**2018**	**2019**	**2018**	**$ Change**	**% Change**
Instruction	$ 10.7	$ 11.4	$ 8.8	$ 9.8	$ (1.0)	-10%
Instruction related	2.5	2.5	2.3	2.4	(0.1)	-5%
Student services	2.9	3.0	1.6	1.7	(0.1)	-8%
Plant services	2.1	2.5	1.8	2.3	(0.5)	-21%
Other	3.9	3.2	2.8	2.8	(0.0)	0%
Total	$ 22.1	$ 22.6	$ 17.3	$ 19.0	$ (1.7)	-9%

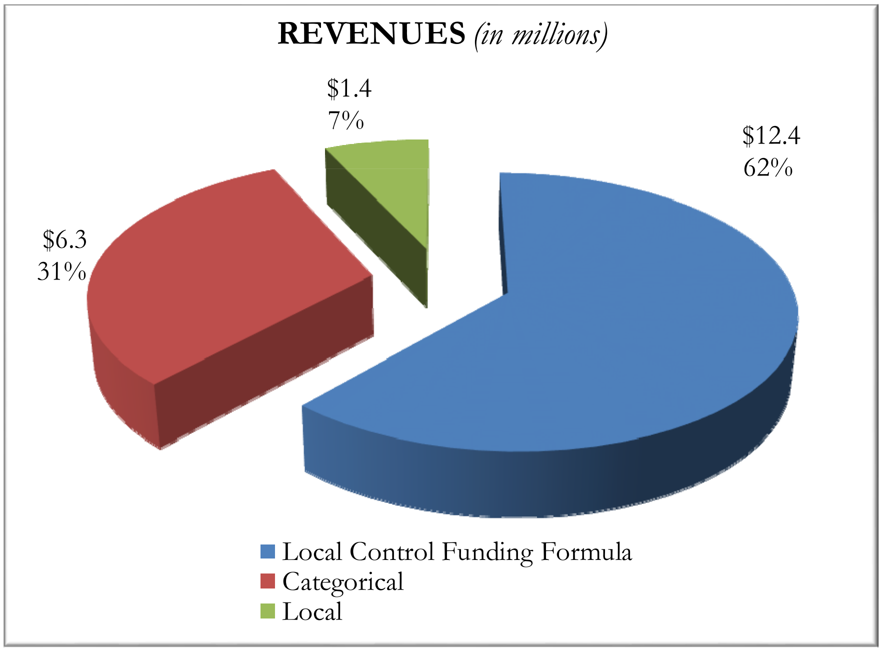
FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statement

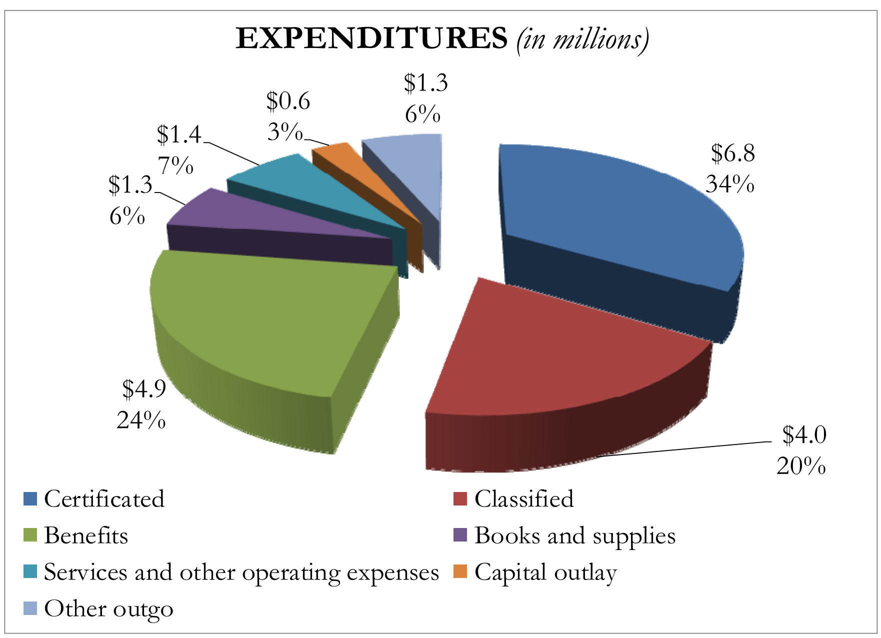
As the District completed the year, its funds reported a *combined* fund balance of $13.4 million, almost $0.3 million below last year. This is due to capital outlay projects for the Bear River site as well as a required reduction of the fund balance for the cafeteria fund. Cafeteria fund should only retain less than 3 months of expenses in the fund balance.

Table 4 - Funds' Performance

	Governmental Funds			
(amounts in millions)	**2019**	**2018**	**$ Change**	**% Change**
REVENUES				
Local Control Funding Formula	$ 12.4	$ 11.5	$ 0.9	8%
Categorical	6.3	5.2	1.1	21%
Local	1.4	1.1	0.3	27%
Total Revenues	20.1	17.8	2.3	13%
EXPENDITURES / EXPENSES				
Certificated	6.8	7.4	(0.6)	-8%
Classified	4.0	4.1	(0.1)	-2%
Benefits	4.9	4.3	0.6	14%
Books and supplies	1.3	1.1	0.2	18%
Services and other operating expenses	1.4	1.3	0.1	8%
Capital outlay	0.6	0.1	0.5	500%
Other outgo	1.3	0.7	0.6	86%
Total Expenditures	20.3	19.0	1.3	7%
Net financing activities	-	0.4	(0.4)	n/a
NET CHANGE IN FUND BALANCE	$ (0.2)	$ (0.8)	$ 0.6	75%



These graphs represent the fund expenditures by object code.



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 2019).
- Increases in appropriations to prevent budget overruns.

Even with these adjustments, actual expenditures were $0.5 below final budget amounts. The most significant variance was a result of additional revenue from federal and state sources.

On the other hand, resources available for appropriation were almost $1.3 million above the final budgeted amount.

Table 5 - General Fund and Budget Performance

	General Fund Activity			General Fund Budget		
(amounts in millions)	2019	2018	% Diff.	Original Budget	Final Budget	% Diff.
REVENUES						
Local Control Funding Formula	$ 11.5	$ 10.6	8%	$ 11.2	$ 11.3	1%
Categorical	5.1	3.9	31%	3.2	4.1	28%
Local	1.0	0.8	25%	0.7	0.8	14%
Total Revenues	17.6	15.3	15%	15.1	16.2	7%
EXPENDITURES						
Certificated	6.3	6.9	-9%	6.5	6.4	-2%
Classified	3.4	3.5	-3%	3.4	3.5	3%
Benefits	4.5	3.9	15%	4.1	4.1	0%
Supplies and services	1.9	1.8	6%	1.9	2.8	47%
Other	0.9	0.6	50%	0.7	0.7	0%
Total Expenditures	17.0	16.7	2%	16.6	17.5	5%
Net financing activities	0.1	0.7	-86%	-	-	n/a
NET CHANGE IN FUND BALANCE	$ 0.7	$ (0.7)	200%	$ (1.5)	$ (1.3)	13%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District has a net investment of $22.6 million in a broad range of capital assets, including buildings, building improvements, and equipment. (See Table 6.) This amount represents a net decrease of $0.4 million assets over last year.

Table 6 - District's Capital Assets

(amounts in millions)	2019	2018	$ Change	% Change
Land and const. in progress	$ 0.4	$ 0.5	$ (0.1)	-20%
Buildings and equipment	37.6	36.8	0.8	2%
Accumulated depreciation	(15.4)	(14.3)	(1.1)	8%
Total Capital Assets	$ 22.6	$ 23.0	$ (0.4)	-2%

This year's net capital asset additions included $770,000 from the following project:

- Bear River construction

Long-Term Liabilities

The District had $19.6 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

(amounts in thousands)	2019	2018	$ Change	% Change
Net pension liabilities	$ 18.6	$ 17.8	$ 0.8	4%
Net OPEB	0.6	0.3	0.3	100%
Compensated absences	0.2	0.1	0.1	100%
Capital leases	-	0.3	(0.3)	-100%
Other long-term liabilities	0.3	0.3	-	0%
Less current portion	(0.1)	(0.2)	0.1	-50%
Total Long-term Liabilities	19.6	18.6	1.0	5%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Certificated Charter was also increased by 2%, while classified and secretaries charter were restructured to match WSD salary schedule. Annual retirement increases in both the STRS and PERS systems are significant through 21-22. Employer rates will reach an estimated 19.10% for STRS by 2020, possible decrease to 18.3% by 2022. PERS is estimated to reach 20.4% by 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.

STATEMENT OF NET POSITION
JUNE 30, 2019

(Amounts in thousands)	Governmental Activities
ASSETS	
Deposits and investments	$ 13,968
Accrued receivables	1,045
Inventory	11
Prepaid expenses	11
Capital assets, not depreciable	362
Capital assets, depreciable, net	22,234
Total Assets	37,631
DEFERRED OUTFLOWS OF RESOURCES	4,744
Total Assets and Deferred Outflows of Resources	42,375
LIABILITIES	
Accrued liabilities	360
Unearned revenue	8
Long-term obligations, current portion	86
Long-term obligations, net pension liability	19,616
Total Liabilities	20,070
DEFERRED INFLOWS OF RESOURCES	823
NET POSITION	
Net investment in capital assets	22,596
Restricted for	
Capital projects	8
Educational programs	1,383
Unrestricted (Deficit)	(2,505)
Total Net Position	21,482
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 42,375

The accompanying notes are an integral part of these financial statements

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

(Amounts in thousands)

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Instruction	$ 10,735	$ 39	$ 1,886	$ (8,810)
Instruction-related services				
Instructional supervision and administration	176	-	91	(85)
Instructional library, media, and technology	692	-	21	(671)
School site administration	1,631	4	97	(1,530)
Pupil services				
Home-to-school transportation	763	-	23	(740)
Food services	852	155	502	(195)
All other pupil services	1,281	28	625	(628)
General administration				
Centralized data processing	13	-	-	(13)
All other general administration	1,203	2	96	(1,105)
Plant services	2,065	83	160	(1,822)
Enterprise activities	664	-	-	(664)
Interest on long-term debt	63	-	-	(63)
Transfer to other agencies	833	72	262	(499)
Depreciation (unallocated)	1,122	-	-	(1,122)
Total Governmental Activities	$ 22,093	$ 383	$ 3,763	(17,947)

General revenues	
Taxes and subventions	
Property taxes, levied for general purposes	1,083
Federal and state aid not restricted for specific purposes	14,251
Interest and investment earnings	356
Interagency revenues	46
Miscellaneous	225
Subtotal, General Revenue	15,961
CHANGE IN NET POSITION	(1,986)
Net Position - Beginning (Restated)	23,468
Net Position - Ending	$ 21,482

The accompanying notes are an integral part of these financial statements

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Charter School Fund	Special Reserve Fund for Capital
ASSETS			
Deposits and investments	$ 8,940,749	$ 549,969	$ 2,791,206
Accrued receivables	856,707	10,589	17,089
Due from other funds	162,394	12,612	-
Stores inventory	-	-	-
Prepaid expenditures	10,664	-	-
Total Assets	$ 9,970,514	$ 573,170	$ 2,808,295
LIABILITIES			
Accrued liabilities	$ 347,141	$ 9,185	$ 335
Due to other funds	77,782	155,380	-
Unearned revenue	7,838	-	-
Total Liabilities	432,761	164,565	335
FUND BALANCES			
Non-spendable	24,114	-	-
Spendable			
Restricted	1,061,236	29,966	-
Committed	-	-	-
Assigned	3,177,745	378,639	2,807,960
Unassigned	5,274,658	-	-
Total Fund Balances	9,537,753	408,605	2,807,960
Total Liabilities and Fund Balances	$ 9,970,514	$ 573,170	$ 2,808,295

The accompanying notes are an integral part of these financial statements

Non-Major Governmental Funds	Total Governmental Funds
$ 454,036	$ 12,735,960
153,820	1,038,205
65,170	240,176
10,695	10,695
-	10,664
$ 683,721	$ 14,035,700
$ 3,840	$ 360,501
7,014	240,176
-	7,838
10,854	608,515
10,695	34,809
300,499	1,391,701
266,671	266,671
95,002	6,459,346
-	5,274,658
672,867	13,427,185
$ 683,721	$ 14,035,700

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

($ Amounts in thousands)

Total Fund Balance - Governmental Funds		$ 13,427
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	$ 37,981	
Accumulated depreciation	(15,385)	22,596
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	18,554	
Compensated absences	189	
Other long term debt	313	(19,056)
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		4,744
Deferred inflows of resources relating to pensions		(823)
Internal service fund:		
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:		594
Total Net Position - Governmental Activities		$ 21,482

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, 2019

	General Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects
REVENUES			
Local Control Funding Formula ("LCFF") Sources	$ 11,481,429	$ 831,769	$ -
Federal sources	2,940,600	-	-
Other State sources	2,125,665	82,864	-
Other local sources	999,617	12,034	146,443
Total Revenues	17,547,311	926,667	146,443
EXPENDITURES			
Current			
Instruction	9,342,851	594,036	-
Instruction-related services			
Instructional supervision and administration	83,264	-	-
Instructional library, media, and technology	619,307	-	-
School site administration	1,361,246	182,803	-
Pupil services			
Home-to-school transportation	624,821	20,000	-
Food services	-	-	-
All other pupil services	1,217,928	-	-
General administration			
All other general administration	1,095,825	-	-
Plant services	1,657,056	79,459	25,666
Transfers to other agencies	757,564	75,578	-
Facilities acquisition and construction	-	-	632,904
Debt service	172,197	-	342,000
Total Expenditures	16,932,059	951,876	1,000,570
Excess (Deficiency) of Revenues Over Expenditures	615,252	(25,209)	(854,127)
OTHER FINANCING SOURCES (USES)			
Transfers In	136,922	-	-
Transfers Out	(30,982)	-	(95,626)
Net Financing Sources (Uses)	105,940	-	(95,626)
NET CHANGE IN FUND BALANCE	721,192	(25,209)	(949,753)
Fund Balance - Beginning	8,816,561	433,814	3,757,713
Fund Balance - Ending	$ 9,537,753	$ 408,605	$ 2,807,960

The accompanying notes are an integral part of these financial statements

Non-Major Governmental Funds		Total Governmental Funds
$ 65,170	$	12,378,368
510,412		3,451,012
654,239		2,862,768
225,235		1,383,329
1,455,056		20,075,477
452,524		10,389,411
74,935		158,199
-		619,307
-		1,544,049
-		644,821
801,489		801,489
-		1,217,928
18,627		1,114,452
125,274		1,887,455
-		833,142
-		632,904
-		514,197
1,472,849		20,357,354
(17,793)		(281,877)
30,982		167,904
(41,296)		(167,904)
(10,314)		-
(28,107)		(281,877)
700,974		13,709,062
$ 672,867	$	13,427,185

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, 2019

($ Amounts in thousands)

Net Change in Fund Balances - Governmental Funds		$ (282)
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:	633	
Depreciation expense:	(1,122)	(489)
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:		451

The accompanying notes are an integral part of these financial statements

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, 2019

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:		(103)
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:		(930)
Internal Service Fund:		
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:		(633)
Change in net position of Governmental Activities	$	(1,986)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

		Governmental Activities Internal Service Fund Self-Insurance
ASSETS		
Current assets		
Deposits and investments	$	1,232,615
Accrued receivables		7,547
TOTAL ASSETS	$	1,240,162
LIABILITIES		
Non-current liabilities, OPEB		646,000
NET POSITION		
Unrestricted		594,162
TOTAL LIABILITIES AND NET POSITION	$	1,240,162

The accompanying notes are an integral part of these financial statements

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
	Internal Service Fund
	Self-Insurance
OPERATING EXPENSE	
Benefits	$ 12,505
Professional services	651,688
Total operating expenses	664,193
NON-OPERATING REVENUE	
Interest income	31,126
CHANGE IN NET POSITION	(633,067)
Net Position - Beginning	1,227,229
Net Position - Ending	$ 594,162

The accompanying notes are an integral part of these financial statements

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

		Governmental Activities Internal Service Fund Self-Insurance
Cash flows to operating activities		
Cash payments for benefits	$	(12,801)
Cash payments for insurance claims		(217,910)
Net cash used by operating activities		(230,711)
Cash flows from investing activities		
Interest received		28,443
NET DECREASE IN CASH		(202,268)
CASH		
Beginning of year		1,434,883
End of year	$	1,232,615
Reconciliation of operating activities		
Operating loss	$	(664,193)
Decrease in deferred outflows of resources		37,778
Decrease in due from other funds		(296)
Increase in OPEB		396,000
Net cash used by operating activities	$	(230,711)

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

		ASB Agency Funds
ASSETS		
Deposits with financial institutions	$	81,662
LIABILITIES		
Due to student groups:		
Bear River	$	40,931
Wheatland		24,185
Lone Tree		10,620
Wheatland Charter		1,576
Pre-school		4,350
Total Liabilities	$	81,662

The accompanying notes are an integral part of these financial statements

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.

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.

<u>Major Governmental Funds</u>

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).

<u>Non-Major Governmental Funds</u>

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).

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).

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 recoded 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.

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, 2019:

- Cash in county of $14.0 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, 2019, 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.

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:

Asset Class	Estimated Useful Life
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, 2019, the General Fund had a balance of $24,441 in unearned revenue from state sources.

Compensated Absences. Accumulated unpaid employee vacation and comp time benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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.

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, 2019. 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 $1.4 million of restricted net position.

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

1 - F. Stewardship, Compliance, and Accountability

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.

Budgetary Expenditures in Excess of Appropriations. At June 30, 2019, the following District funds exceeded the budgeted amounts in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
Charter Schools Special Revenue Fund	$ 899,020	$ 951,876	$ (52,856)
Child Development Fund	$ 596,624	$ 658,009	$ (61,385)
Cafeteria Special Revenue Fund	$ 727,036	$ 801,489	$ (74,453)
Capital Facilities Fund	$ 9,066	$ 11,239	$ (2,173)
Self-Insurance Fund	$ 242,927	$ 664,193	$ (421,266)

1 - G. New Accounting Pronouncement

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

- 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. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.
- GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

2 - A. Summary of Deposits and Investments

	Governmental Activities	Fiduciary Funds	Total
Cash on hand	$ 700	$ -	$ 700
Deposits in financial institutions	12,750	69,240	81,990
Cash in County	13,955,125	-	13,955,125
Total	$ 13,968,575	$ 69,240	$ 14,037,815

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, 2019 was $14,866,320.

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 §s 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

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, 2019, 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, 2019, the District's bank balances of $97,388 were insured.

NOTE 3 – ACCRUED RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Spec. Res. Fund for Cap. Out. Proj.	Non-Major Gov. Funds	Self-Insurance	Total Gov. Activities
Federal Government						
Categorical aid	$ 299,522	$ -	$ -	$ 66,988	$ -	$ 366,510
Impact aid	325,276	-	-	-	-	325,276
State Government						
Categorical aid	106,647	3,030	-	83,551	-	193,228
Lottery	53,591	4,192	-	-		57,783
Local Government						
Interest	54,661	3,367	17,089	2,781	7,547	85,445
Other Local Sourc	17,010	-	-	500	-	17,510
Total	$ 856,707	$ 10,589	$ 17,089	$ 153,820	$ 7,547	$ 1,045,752

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

(Amounts in thousands)	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019
Capital assets not being depreciated				
Land	$ 362	$ -	$ -	$ 362
Construction in progress	137	633	770	-
Non-Depreciable Capital Assets	$ 499	$ 633	$ 770	$ 362
Capital assets being depreciated				
Buildings & improvements	$ 34,642	$ 770	$ -	$ 35,412
Furniture & equipment	2,207	-	-	2,207
Total Capital Assets Being Depreciated	36,849	770	-	37,619
Less Accumulated Depreciation				
Land improvements				-
Buildings & improvements	12,813	975	-	13,788
Furniture & equipment	1,451	146	-	1,597
Total Accumulated Depreciation	14,264	1,121	-	15,385
Depreciable Capital Assets, net	$ 22,585	$ (351)	$ -	$ 22,234
Total Capital Assets, net	$ 23,084	$ 282	$ 770	$ 22,596

NOTE 5 – INTERFUND TRANSACTIONS

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

Due To Other Funds	Due From Other Funds: General Fund	Charter School Fund	Non-Major Gov't Funds	Total
General Fund	$ -	$ 12,612	$ 65,170	$ 77,782
Charter Schools Special Revenue Fund	155,380		-	155,380
Non-Major Funds	7,014	-	-	7,014
Total Due From Other Funds	$ 162,394	$ 12,612	$ 65,170	$ 240,176

The General Fund owes the Charter Fund for In-Lieu property taxes in the amount of	$ 12,612
The General Fund owes the Deferred Maintenance Fund LCFF 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	155,380
The Child Development Fund owes the General Fund for various operational provided in the amount of	6,182
The Cafeteria Fund owes the General Fund for operational costs in the amount of	832
Total	$ 240,176

5 - B. Operating Transfers

Transfer To Other Funds	Interfund Transfers In: General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 30,982	$ 30,982
Special Reserve Fund for Capital Outlay Projects	95,626	-	95,626
Non-Major Funds	41,296	-	41,296
Total Interfund Transfers Out	$ 136,922	$ 30,982	$ 167,904

The Child Development Fund transferred to the General Fund was mandated from the program for reserves for operational and/or professional development	$ 41,296
The General Fund transferred to the Cafeteria Fund for operational support in the amount of	30,982
The Special Reserve Fund for Capital Outlay Projects transferred Prop 39 money deposited into the fund but expended the General Fund in the amount of	95,626
Total	$ 167,904

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2019, consisted of the following:

	General Fund	Charter School Fund	Specl. Res. for Cap. Out. Fund	Non-Major Gov. Funds	Total Gov. Activities
Payroll	$ 15,111	$ -	$ -	$ -	$ 15,111
LCFF adjustment for property tax	95,647	8,992	-	-	104,639
Special education excess costs	145,277	-	-	-	145,277
Vendors and sales tax payable	48,306	193	335	3,840	52,674
Compensated absences	42,800	-	-	-	42,800
Total	$ 347,141	$ 9,185	$ 335	$ 3,840	$ 360,501

NOTE 7 – LONG-TERM OBLIGATIONS

7 - A. Long-Term Obligations Summary

(Amounts in thousands)	Balance Jul 01, 2018	Additions	Deductions	Balance Jun 30, 2019	Balance Due In One Year
Capital leases	$ 342	$ -	$ 342	$ -	$ -
Net pension liabilities ("NPL")					
Cal STRS	11,259	102	-	11,361	-
Cal PERS	6,501	692	-	7,193	-
Total NPL	17,760	794	-	18,554	-
Net OPEB obligations					
Cal STRS OPEB obligation	82	-	7	75	-
District OPEB obligation	168	403	-	571	-
Total OPEB obligations	250	403	7	646	-
Compensated absences	86	103	-	189	-
Early retirement incentive	422	-	109	313	86
Total	$ 18,860	$ 1,300	$ 458	$ 19,702	$ 86

7 - B. Net Pension Liability

The District's prior year contributions of $953,000 to Cal STRS and $555,000 to Cal PERS, are used to calculate the current liability, which at June 30, 2019 was a total of $18.6 million. See Note 9 for additional information regarding the net pension liability and pension benefit plans.

7 - C. Other Postemployment Benefits

As a result of GASB No. 75, the District has incurred an additional OPEB liability through CalSTRS, and has restated its original OPEB liability. Additionally, the District "self-insures" for these liabilities and they are reported in the Self-Insurance Fund. As of June 30, 2019, the District reported $646,000 in combined OPEB liabilities. See Note 10 for additional information regarding the OPEB obligations and the postemployment benefit plan.

7 - D. Compensated Absences

The expense and accrued liability is recognized when the annual leave is earned. As of June 30, 2019, the District's long-term portion of the compensated absences balance is $189,000. The District estimates that approximately $42,800, of its total leave total liability will be paid within one year, and as such is considered short-term and accrued in the General Fund.

7 - E. Early Retirement Incentive

In March 2018 the District offered an early retirement incentive to the certificated staff. The staff was given a choice of one of the following:

- Medical benefits of $11,000 a year for up to seven years or until age 65.
- Cash payment of $11,000 a year for up to seven years or until age 65.
- One-time cash payment of $15,000.

Ten staff accepted the offer, and as of June 30, 2019, the District reported a liability of $313,000. The amortization of the liability is as follows:

(Amounts in thousands)

Year Ending June 30,	Annual Payment
2020	$ 89
2021	73
2022	55
2023	55
2024	66
Total payments	338
Less: Amount representing interest	25
Present value of minimum payments	$ 313

NOTE 8 – FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Specl. Res. Fund for Cap. Out. Proj.	Non-Major Gov. Funds	Total Gov. Funds
Non-spendable					
Non-restricted					
Reserve for revolving cash	$ 13,450	$ -	$ -	$ -	$ 13,450
Reserve for stores inventory	-	-	-	10,695	10,695
Reserve for prepaid expenditures	10,664	-	-	-	10,664
Total Nonspendable	24,114	-	-	10,695	34,809
Spendable					
Restricted					
Educational programs					
Federal	-	-	-	35,804	35,804
State	380,723	29,966	-	174,886	585,575
Local	680,513	-	-	81,333	761,846
Capital facilities	-	-	-	8,476	8,476
Total Restricted	1,061,236	29,966	-	300,499	1,391,701
Committed					
Deferred maintenance	-	-	-	266,671	266,671
Assigned					
Salaries	1,169,908	55,828	-	-	1,225,736
Vacation payouts	189,494	-	-	-	189,494
School Site Carryovers	416,608	-	-	-	416,608
Lottery/book adoption	1,314,742	25,891	-	-	1,340,633
Facility acquisition	-	225,000	-	-	225,000
Charter school fund	-	71,920	-	-	71,920
Child development	86,993	-	-	47,107	134,100
Cafeteria	-	-	-	47,895	47,895
Capital projects	-	-	2,807,960	-	2,807,960
Total Assigned	3,177,745	378,639	2,807,960	95,002	6,459,346
Unassigned					
Reserve for economic uncertainties	1,004,862	-	-	-	1,004,862
Unassigned	4,269,796	-	-	-	4,269,796
Total Unassigned	5,274,658	-	-	-	5,274,658
Total	$ 9,537,753	$ 408,605	$ 2,807,960	$ 672,867	$ 13,427,185

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 Claifornia Teachers' Retirement System ("CalSTRS")

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 § 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.

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

The 2% refers to the percentage of your final compensation that you'll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures are final compensation, age factors, normal retirement age, creditable compensation cap and contribution rate. In addition, 2% at 62 members aren't eligible for benefit enhancements, the Reduced Benefit Election or the CalSTRS Replacement Benefits Program.

Contributions:	Effective Date	2% at 60 Members	2 % at 62 Members
Members:	July 1, 2016	10.25%	10.205%
Employers:	July 1, 2016	12.58%	
	July 1, 2017	14.43%	
	July 1, 2018	16.28%	
	July 1, 2019	17.10%	
	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.	
	July 1, 2016	Increase from prior rate ceases in 2046-47	
State:	July 1, 2017	9.328%	
	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	

Contributions to the pension plan from the District was $1,098,631 for the year ended June 30, 2019.

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

At June 30, 2019, 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:

	(Amounts in thousands)
District's proportionate share of the net pension liability	$ 11,361
State's proportionate share of the net pension liability associated with the District	4,136
Total	$ 15,497

The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was as follows:

	Jun. 30, 2018	Jun. 30, 2017	Difference
Net Pension Liability Allocation Basis	0.0001236	0.0001218	0.0000019

For the year ended June 30, 2019, the District recognized pension expense of $0.8 million and revenue of $0.6 million for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 128
Changes of assumptions	1,738	-
Net difference between projected and actual earnings on pension plan investments	-	431
Changes in proportion and differences between District contributions and proportionate share of contributions	-	148
District contributions subsequent to the measurement date	1,099	-
Total	$ 2,837	$ 707

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,		
2020	$ 1,446	$ (38)
2021	348	124
2022	348	417
2023	348	172
2024	347	54
2025 - 2026	-	(22)
Total	$ 2,837	$ 707

Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions. The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 – June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return [3]	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.5%
Post-retirement Benefit Increases	2% simple for DB (Annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

[1] Net of investment expenses, but gross of administrative expenses.

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 inputs to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, the consulting actuary (Milliman) reviews the return assumptions for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return [1]
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash/Liquidity	2	-1.00

[1] 20-years average

Discount Rate. The discount rate used to measure the total pension liability was 7.1 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases as disclosed in Note 1. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1 percent) and assuming that contributions, benefit payments and administrative expenses 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.

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 employer using the current discount rate of 7.10%, 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:

(Amounts in thousands)	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 16,392	$ 11,361	$ 6,877

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")

Plan Description. Public Employees' Retirement Fund ("PERF") – The PERF was established in 1932 and provides retirement, death and disability benefits to its member employers, which include the State of California, non-teaching, non-certified employees in schools, and various other public agencies. The benefit provisions for the state and school employees are established by statute. The benefits options for the public agencies are established by statute and voluntarily selected by contract with the System in accordance with the provisions of the Public Employees' Retirement Law.

PERF B is a cost-sharing multiple-employer plan of school employers consisting of non- teaching and non-certified employees.

Benefits Provided. The Service Retirement benefit is a monthly allowance equal to the product of benefit factor, years of service, and final
compensation.

- The *benefit factor* for classic members comes from the 2% at 55 benefit factor table. New PEPRA members hired on or after January 1, 2013 are subject to the 2% at 62 benefit factor table.
- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at the rate of 0.004 years of service for each day of sick leave.
- The *final compensation* is the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). For new PEPRA members hired after January 1, 2013 final compensation is based on the monthly average of the member's highest 36 consecutive months' full-time equivalent monthly pay. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security Contribution and Benefit Base. For employees that participate in Social Security this cap is $117,020 for 2016 and for those employees that do not participate in social security the cap for 2016 is $140,424, the equivalent of 120 percent of the 2016 Contribution and Benefit Base. Adjustments to the caps are permitted annually based on changes to the CPI for All Urban Consumers.
- The employees in this plan may or may not be covered by Social Security. For employees with service prior to January 1, 2001 covered by Social Security, the final compensation is offset by $133.33 (or by one-third if, the final compensation is less than $400). For PEPRA members, the final compensation is not offset.

Contributions. CalPERS required employer contributions to be 18.062% of payroll. The report also reported an employee contribution rate of 7.0% for classic and 6.0% for PEPRA. Contributions to the pension plan from the District was $631,452 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of $7.2 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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:

	Jun. 30, 2018	Jun. 30, 2017	Difference
Net Pension Liability Allocation Basis	0.0002698	0.0002723	-0.0000025

For the year ended June 30, 2019, the District recognized pension expense of $0.7 million. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 472	$ -
Changes of assumptions	718	-
Net difference between projected and actual earnings on pension plan investments	59	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	108
District contributions subsequent to the measurement date	631	-
Total	$ 1,880	$ 108

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,		
2020	$ 1,376	$ 50
2021	556	43
2022	(9)	15
2023	(43)	-
Total	$ 1,880	$ 108

Actuarial Methods, Assumptions, and Discount Rate Information

Actuarial Methods and Assumptions. The collective total pension liability for the June 30, 2018 measurement period was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018.

The collective total pension liability was based on the following assumptions:

Discount Rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	2.00% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class [1]	**Assumed Asset Allocation**	**Real Return Years 1 – 10** [2]	**Real Return Years 11+** [3]
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

[1] In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[2] An expected inflation rate of 2.00% used for this period.
[3] An expected inflation rate of 2.92% used for this period.

Discount Rate. The discount rate used to measure the total pension liability for PERF B was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.
The following presents the collective net pension liability calculated using a discount rate of 7.15%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate (dollars expressed in thousands):

(Amounts in thousands)	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 10,474	$ 7,193	$ 4,472

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.

NOTE 10 – POST EMPLOYMENT HEALTH CARE PLANS

10 - A. CalSTRS

Plan Description. CalSTRS administers a postemployment benefit plan Medicare Premium Payment ("MPP") Program. The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan ("OPEB") established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund ("THBF").

Benefits Provided. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP DB Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

Contributions. The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code §25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total contributions to the MPP Program for fiscal year 2017-18 were $28.2 million.

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

At June 30, 2019, the District reported a liability of $75,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's proportionate share of total CalSTRS-Calculated Employer Contribution, statutorily determined. The District's proportion was as follows:

	Jun. 30, 2018	Jun. 30, 2017	Difference
Net OPEB Liability Allocation Basis	0.0001938	0.0002026	-0.0000088

For the year ended June 30, 2019, the District recognized OPEB pension expense of $(7,000).

Actuarial Methods, Assumptions, and Discount Rate Information

Actuarial Methods and Assumptions. The total OPEB liability for the MPP Program as of June 30, 2018, was determined by applying update procedures to the fi nancial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the following assumptions:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 – June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.87%
Medicare Part A Premium Costs Trend Rate[1]	3.70%
Medicare Part B Premium Costs Trend Rate[1]	4.10%

[1] The assumed increases in the Medicare Part A and Part B Cost Trend Rates vary by year, however; the increases are approximately equivalent to a 3.7 percent and 4.1 percent increase each year for Medicare Part A and Part B, respectively.

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as a member's age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to refl ect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fi t the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefi t payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate. The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is The Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the net OPEB liability of employers as of June 30, 2018, using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
(Amounts in thousands)	(2.87%)	(3.87%)	(4.87%)
District's proportionate share of the net OPEB liability	$ 82	$ 75	$ 67

Medicare Costs Trend Rates. The June 30, 2017, valuation uses the 2018 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year, as shown in the following table:

	1% Decrease	Medicare Costs Trend Rate	1% Increase
(Amounts in thousands)	(2.7%)	(3.7%)	(4.7%)
District's proportionate share of the net OPEB liability	$ 68	$ 75	$ 81

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.

10 - B. <u>District OPEB Plan</u>

Plan Description. The District's defined benefit OPEB plan is a single employer defined benefit healthcare plan, administered by the District to retirees at least fifty-five years old, for five years, up to age sixty-five. **No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75**.

Benefits Provided. The plan provides healthcare benefits for retirees of up to $400 of coverage per month.

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	195
Total	200

Total OPEB Liability. The District's total OPEB liability of $571,000 was measured was measured in conformity with the requirements in GASB No. 75, paragraphs 225 and 226 for the alternative measurement method, as of June 30, 2019.

Measurement Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate:	2.10%, based on https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths
Discount Rate:	2.79%, https://us.spindices.com/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index/, June 30, 2017
Turnover:	CalPERS Terminated and Vested Rates, School; times the ratio of employees actually taking the benefit

Mortality rates were based on the CalPERS Schools assumptions, which can be downloaded at:
https://www.calpers.ca.gov/docs/public-agencies-schools-assumption-methods.xlsx

Changes in the Total OPEB Liability:

July 01, 2018	$	168,000
Changes for the year:		
Service cost		42,000
Interest		9,000
Changes in assumptions or other inputs		371,000
Benefit payments		(19,000)
Net changes		403,000
Balance at June 30, 2019	$	571,000

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is +1/-1 percentage-point than the current discount rate:

	1% Decrease (1.79%)	**Current Discount Rate (2.79%)**	**1% Increase (3.79%)**
District's proportionate share of the net pension liability	$ 623,000	$ 571,000	$ 528,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the District recognized OPEB pension expense of $403,000.

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, 2019.

11 - B. Litigation

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

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

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

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

During the year ended June 30, 2019, the District made the following payments to each JPA:

Joint Powers Authority	2019 Payments
NVSIG	$229,319
TCSIG	135,325
CVT	2,279,174
SPURR	24,783

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REQUIRED SUPPLEMENTARY INFORMATION

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	$ 10,397,799	$ 10,507,236	$ 10,539,298	$ 32,062
Local sources	982,255	940,878	1,083,019	142,141
Transfers	(133,032)	(130,174)	(140,888)	(10,714)
Federal sources	1,603,400	2,509,220	2,940,600	431,380
Other State sources	1,593,016	1,614,229	2,125,665	511,436
Other local sources	680,736	791,926	999,617	207,691
Total Revenues	15,124,174	16,233,315	17,547,311	1,313,996
EXPENDITURES				
Certificated salaries	6,518,910	6,404,015	6,254,601	149,414
Classified salaries	3,425,103	3,472,240	3,445,699	26,541
Employee benefits	4,053,757	4,078,269	4,462,598	(384,329)
Books and supplies	857,006	1,418,245	805,722	612,523
Services and other operating expenditures	1,074,003	1,356,121	1,099,502	256,619
Other outgo				
Excluding transfers of indirect costs	703,955	703,955	882,564	(178,609)
Transfers of indirect costs	(17,206)	(17,206)	(18,627)	1,421
Total Expenditures	16,615,528	17,415,639	16,932,059	483,580
Excess (Deficiency) of Revenues				
Over Expenditures	(1,491,354)	(1,182,324)	615,252	1,797,576
Other Financing Sources (Uses):				
Transfers In	-	-	136,922	136,922
Transfers Out	(33,000)	(33,000)	(30,982)	2,018
Net Financing Sources (Uses)	(33,000)	(33,000)	105,940	138,940
NET CHANGE IN FUND BALANCE	(1,524,354)	(1,215,324)	721,192	1,936,516
Fund Balance - Beginning	8,816,561	8,816,561	8,816,561	
Fund Balance - Ending	$ 7,292,207	$ 7,601,237	$ 9,537,753	$ 1,936,516

CHARTER SCHOOL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	$ 753,273	$ 758,050	$ 756,051	$ (1,999)
Transfers	67,862	65,004	75,718	10,714
Other State sources	65,229	58,487	82,864	24,377
Other local sources	5,100	8,100	12,034	3,934
Total Revenues	891,464	889,641	926,667	37,026
EXPENDITURES				
Certificated salaries	350,859	364,049	346,164	17,885
Classified salaries	117,177	137,346	132,459	4,887
Employee benefits	191,820	187,610	202,317	(14,707)
Books and supplies	40,500	91,464	77,470	13,994
Services and other operating expenditures	94,000	89,551	117,888	(28,337)
Other outgo				
Excluding transfers of indirect costs	19,500	29,000	75,578	(46,578)
Total Expenditures	813,856	899,020	951,876	(52,856)
NET CHANGE IN FUND BALANCE	77,608	(9,379)	(25,209)	(15,830)
Fund Balance - Beginning	433,814	433,814	433,814	
Fund Balance - Ending	$ 511,422	$ 424,435	$ 408,605	$ (15,830)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Cal STRS *(Amounts in thousands)*	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability (asset)	0.012%	0.012%	0.013%	0.013%	0.012%
District's proportionate share of the net pension liability (asset)	$ 11,361	$ 11,259	$ 10,441	$ 8,695	$ 7,280
State's proportionate share of the net pension liability (asset) associated with the District	4,136	4,185	4,918	3,088	2,755
Total	$ 15,497	$ 15,444	$ 15,359	$ 11,783	$ 10,035
District's covered payroll	6,602	6,639	6,489	6,052	5,500
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	172%	170%	161%	144%	132%
Plan fiduciary net position as a percentage of the total pension liability	71%	65%	70%	74%	77%

Cal PERS *(Amounts in thousands)*	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability (asset)	0.027%	0.027%	0.028%	0.027%	0.03%
District's proportionate share of the net pension liability (asset)	$ 7,193	$ 6,501	$ 5,490	$ 4,127	$ 3,040
District's covered payroll	$ 3,572	$ 3,471	$ 3,341	$ 3,104	$ 2,817
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	201%	187%	164%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

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

The State of California became a non-employer contributing entity as of June 2019. However, they were not as of the measurement date.

SCHEDULE OF CONTRIBUTIONS

Cal STRS *(Amounts in thousands)*	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 1,099	$ 946	$ 835	$ 696	$ 455
Contributions in relation to the contractually required contribution	(1,099)	(946)	(835)	(696)	(455)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,748	$ 6,602	$ 6,639	$ 6,489	$ 6,052
Contributions as a percentage of covered payroll	16%	14%	13%	11%	0

Cal PERS *(Amounts in thousands)*	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 631	$ 555	$ 482	$ 396	$ 365
Contributions in relation to the contractually required contribution	(631)	(555)	(482)	(396)	(365)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,496	$ 3,572	$ 3,471	$ 3,341	$ 3,104
Contributions as a percentage of covered payroll	18%	16%	14%	12%	12%

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

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

CalSTRS OPEB

(Amounts in thousands)	2019	2018
Total OPEB Liability	$ 75	$ 82
Changes for the year:		
Interest	3	4
Effect of assumption changes	(2)	(6)
Proportionate share of redirected pension contributions	(5)	(7)
Changes in assumptions or other inputs	(3)	-
Net Changes in Total OPEB Liability	(7)	(9)
Total OPEB Liability - Beginning	82	91
Total OPEB Liability - Ending	$ 75	$ 82
Covered Payroll	$ 6,602	$ 6,639
Total OPEB liability as a percentage of covered payroll	1%	1%

District Has No Material Assets Accumulated in a Trust to Pay Related Benefits

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

District OPEB

(Amounts in thousands)	2019	2018
Total OPEB Liability	$ 571	$ 168
Changes for the year:		
Service cost	$ 42	$ 38
Interest	9	4
Changes in assumptions or other inputs	371	-
Benefit payments	(19)	(17)
Net Changes in Total OPEB Liability	403	25
Total OPEB Liability - Beginning	168	143
Total OPEB Liability - Ending	$ 571	$ 168
Covered Payroll	$ 10,244	$ 10,111
Total OPEB liability as a percentage of covered payroll	6%	2%

District Has No Assets Accumulated in a Trust to Pay Related Benefits

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

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SUPPLEMENTARY INFORMATION

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Federal Impact Aid	84.041	*	$ 2,186,858
Passed through California Department of Education (CDE):			
Every Student Succeeds Act ("ESSA"):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	210,705
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	26,430
Title III, Immigrant Education Program	84.365	15146	5,508
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	7,157
Total Title III			12,665
Special Ed Cluster: IDEA **[1]**			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	229,547
Mental Health Allocation Plan, Part B, Sec 611	84.173	13839	1,345
Mental Health Allocation, Part B, Sec 611	84.027	15197	15,821
Total Special Education Cluster			246,713
Total U. S. Department of Education			2,683,371
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child Nutrition Cluster **[1]**			
Child Nutrition SL-11 L/A FF	10.555	13524	333,621
Child Nutrition SL-4 L/A FF	10.555	13523	51,257
Child Nutrition SB-Needy L/A FF	10.553	13526	125,536
Total U. S. Department of Agriculture			510,414
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through CDE:			
Medi-Cal Administrative Activities (MAA)	93.778	10060	55,004
U. S. DEPARTMENT OF DEFENSE:			
Federal Impact Aid	12.558	*	202,224
Total Federal Expenditures			$ 3,451,013

[1] - Major Program
No amount provided to subrecipients
***** - Direct funded

See accompanying note to supplementary information

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2019

Wheatland Elementary School District:

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten through third	572	571
Fourth through sixth	386	385
Seventh through eighth	280	278
Extended year and nonpublic special education	2	3
Total Elementary ADA	1,240	1,237

Wheatland Charter Academy

	Second Period Report	Annual Report
REGULAR ELEMENTARY		
Total kindergarten through third	65	65
Total fourth through sixth	29	29
Total Elementary ADA	94	94
Classroom-based kindergarten through third	65	65
Classroom-based fourth through sixth	29	29
Total Classroom-Based Elementary ADA	94	94

See accompanying note to supplementary information

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Wheatland Elementary:

Grade Level	1982 - 83 Actual Minutes [1]	Education Code § 46207(a) Minutes' Requirements [2]	Current Year Minutes [3]	Current Year Days [4]	Status
Kindergarten	31,938	36,000	53,760	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	54,280	180	Complied
Grade 5	52,500	54,000	54,280	180	Complied
Grade 6	52,500	54,000	61,261	180	Complied
Grade 7	52,500	54,000	61,261	180	Complied
Grade 8	52,500	54,000	61,261	180	Complied

[1] Shown for historical purposes only

[2] District met 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] Actual Minutes	Ed. Code § 47612.5 Minutes Requirement	2019 Actual Minutes	2019 Number of Days	Status
Kindergarten	-	36,000	53,760	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	54,280	180	Complied
Grade 5	-	54,000	54,280	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, 2019

		2020 (Budget)	2019	2018	2017
GENERAL FUND:					
Revenues		$ 15,931,813	$ 17,547,311	$ 15,284,790	$ 14,543,882
Transfers in		-	136,922	698,332	16,479
	Total	15,931,813	17,684,233	15,983,122	14,560,361
Expenditures		16,800,659	16,932,059	16,716,561	16,013,066
Other uses and transfers out		33,000	30,982	31,000	-
	Total	16,833,659	16,963,041	16,747,561	16,013,066
INCREASE/(DECREASE) IN FUND BALANCE		$ (901,846)	$ 721,192	$ (764,439)	$ (1,452,705)
ENDING FUND BALANCE		$ 8,635,907	9,537,753	8,816,561	9,581,000
AVAILABLE RESERVES [1]		$ 1,010,020	$ 5,274,658	$ 5,031,493	$ 6,024,837
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO		6%	31%	30%	38%
LONG-TERM DEBT		N/A	$ 19,702,000	$ 18,860,000	$ 16,997,045
AVERAGE DAILY ATTENDANCE AT P-2		1,230	1,240	1,190	1,209

The General Fund balance has decreased by $43,247 over the past two years. The fiscal year 2019-20 budget projects a decrease of $901,846 (nine 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 two of the past three years and anticipates incurring an operating deficit during the 2019-20 fiscal year. Total long term obligations have increased by $2.7 million over the past two years.

Average daily attendance has increased by thirty-one ADA over the past two years. A decrease of ten ADA is anticipated during fiscal year 2019-20.

---

[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, 2019

	General Fund	Special Reserve for Other Than Capital Outlay	Self-Insurance Fund
FUND BALANCE			
Balance, June 30, 2019,			
Unaudited Actuals:	$ 6,681,414	$ 2,856,339	$ 1,027,940
Increase in:			
Cash in county	2,838,957	-	-
Accrued receivables	17,382	-	-
OPEB liability			(396,000)
Decrease in:			
Cash in county	-	(2,838,957)	-
Accrued receivables	-	(17,382)	-
Deferred outflow of resources	-	-	(37,778)
Audited financial statement	$ 9,537,753	$ -	$ 594,162

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019

Charter School Number	Charter School	Status	Included in Audit Report
0370	Wheatland Charter Academy	Active	Yes

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Non-Major Governmental Funds
ASSETS					
Deposits and investments	$ 63,515	$ 8,000	$ 374,097	$ 8,424	$ 454,036
Accrued receivables	72,908	78,570	2,290	52	153,820
Due from other funds	-	-	65,170	-	65,170
Stores inventory	-	10,695	-	-	10,695
Total Assets	$ 136,423	$ 97,265	$ 441,557	$ 8,476	$ 683,721
LIABILITIES					
Accrued liabilities	$ 1,801	$ 2,039	$ -	$ -	$ 3,840
Due to other funds	6,182	832	-	-	7,014
Total Liabilities	7,983	2,871	-	-	10,854
FUND BALANCES					
Non-spendable	-	10,695	-	-	10,695
Spendable					
Restricted	81,333	35,804	174,886	8,476	300,499
Committed	-	-	266,671	-	266,671
Assigned	47,107	47,895	-	-	95,002
Total Fund Balances	128,440	94,394	441,557	8,476	672,867
Total Liabilities and Fund Balances	$ 136,423	$ 97,265	$ 441,557	$ 8,476	$ 683,721

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, 2019

	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	-	510,412	-	-	510,412
Other State sources	604,940	49,299	-	-	654,239
Other local sources	53,725	157,168	8,591	5,751	225,235
Total Revenues	658,665	716,879	73,761	5,751	1,455,056
EXPENDITURES					
Current					
Instruction	452,524	-	-	-	452,524
Instruction-related services					
Instructional supervision and administration	74,935	-	-	-	74,935
Pupil services					
Food services	-	801,489	-	-	801,489
General administration					
All other gen. admin.	18,627	-	-	-	18,627
Plant services	70,627	-	43,408	11,239	125,274
Total Expenditures	616,713	801,489	43,408	11,239	1,472,849
Excess (Deficiency) of Revenues Over Expenditures	41,952	(84,610)	30,353	(5,488)	(17,793)
OTHER FINANCING SOURCES					
Transfers In	-	30,982	-	-	30,982
Transfers Out	(41,296)	-	-	-	(41,296)
Net Financing Sources (Uses)	(41,296)	30,982	-	-	(10,314)
NET CHANGE IN FUND BALANCE	656	(53,628)	30,353	(5,488)	(28,107)
Fund Balance - Beginning	127,784	148,022	411,204	13,964	700,974
Fund Balance - Ending	$ 128,440	$ 94,394	$ 441,557	$ 8,476	$ 672,867

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. For each charter school, include the charter school number and indicate 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 (Located in the front of the report)

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.

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, 2019, 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 6, 2019.

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.

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Compliance and Other Matters

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

Purpose of this Report

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

R J Dennis Accountancy

December 6, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON 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, 2019. 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.

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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, 2019.

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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

December 6, 2019

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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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* ("Current 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, 2019.

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 Current 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, 2019.

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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.	Apprenticeship: Related and Supplemental Instruction	Not Applicable
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	Not Applicable

School Districts, County Offices Of Education, And Charter Schools

T.	California Clean Energy Jobs Act	Yes
U.	After/Before School Education and Safety Program	Yes
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control Accountability Plan	Yes
Y.	Independent Study Course Based	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

[1] Classroom-based only, no independent study

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the audit requirements of the Current Audit Guide. Accordingly, this report is not suitable for any other purpose.

R J Dennis Accountancy

December 6, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Number(s)	Name of Federal Program of Cluster
84.027 & 84.173	Special Education IDEA
10.553 & 10.555	National School Lunch Programs

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

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There were no Financial Statement Findings for this year

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

There were no Federal Award Findings this year.

STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

There were no State Award Findings this year.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There were no Prior Audit Findings.

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