

**WHEATLAND  
ELEMENTARY  
SCHOOL DISTRICT**



**ANNUAL  
FINANCIAL  
REPORT**

**JUNE 30, 2014**



**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**OF YUBA COUNTY**

**WHEATLAND, CALIFORNIA**

**JUNE 30, 2014**

---

**GOVERNING BOARD**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Barbara Warren	President	December 2014
Oscar Magana	Clerk	December 2016
Denis O'Connor	Member	December 2014
Wayne Bishop	Member	December 2014
Nicole Crabb	Member	December 2016
Colonel Jason D. Green	Beale AFB Liason (non-voting)	NA

---

**ADMINISTRATION**

Craig Guensler	Superintendent
Tamara Johnson	Chief Business Official

**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 4-8 school, and one charter school, Wheatland Charter Academy.

<PAGE INTENTIONALLY LEFT BLANK>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2014

---

FINANCIAL SECTION

Independent Auditor’s Report on the Financial Statements.....- 1 -  
Management’s Discussion and Analysis .....- 5 -  
Basic Financial Statements  
    Government – Wide Financial Statements  
        Statement of Net Position.....- 18 -  
        Statement of Activities .....- 19 -  
    Fund Financial Statements  
        Governmental Funds – Balance Sheet.....- 20 -  
        Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....- 22 -  
        Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balance .....- 24 -  
        Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund  
        Balances to the Statement of Activities .....- 26 -  
        Proprietary Funds – Statement of Net Position .....- 28 -  
        Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position .....- 29 -  
        Proprietary Funds – Statement of Cash Flows .....- 30 -  
        Fiduciary Funds – Statement of Net Position .....- 31 -  
Notes to Financial Statements.....- 32 -

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule .....- 57 -  
Charter School Fund – Budgetary Comparison Schedule .....- 58 -  
Schedule of Other Postemployment Benefit (OPEB) Funding Progress and Employer Contribution .....- 59 -

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards.....- 63 -  
Schedule of Average Daily Attendance (ADA).....- 64 -  
Schedule of Instructional Time .....- 65 -  
Schedule of Financial Trends and Analysis .....- 66 -  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements .....- 67 -  
Schedule of Charter Schools.....- 68 -  
Combining Statements – Non-Major Governmental Funds  
    Combining Balance Sheet.....- 70 -  
    Combining Statement of Revenues, Expenditures, and Changes in Fund Balance .....- 72 -  
Notes to Supplementary Information .....- 74 -

WHEATLAND ELEMENTARY SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2014

---

OTHER INDEPENDENT AUDITOR’S REPORTS

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 *Governmental Auditing Standards* ..... - 79 -

Independent Auditor’s Report on Compliance for Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 ..... - 83 -

Independent Auditor’s Report on State Compliance..... - 87 -

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor’s Results ..... - 93 -

Financial Statement Findings ..... - 94 -

Federal Award Findings and Questioned Costs..... - 95 -

State Award Findings and Questioned Costs ..... - 96 -

Summary Schedule of Prior Audit Findings ..... - 97 -

---

---

**FINANCIAL SECTION**

---

---

<PAGE INTENTIONALLY LEFT BLANK>



## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

### *REPORT ON THE FINANCIAL STATEMENTS*

I 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, 2014, 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 *Standards and Procedures for Audits of California K - 12 Local Educational Agencies 2013-14*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

RT DENNIS  
ACCOUNTANCY

## Opinion

In my opinion, the financial statements referred to on the previous page 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, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, and OPEB funding progress, on pages 5-17 and 57-59, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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**

My 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 consisting of the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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 *Standards and Procedures for Audits of California Local Educational Agencies 2013-14*, issued by the Education Audit Appeals Panel as regulations; and the Combining Statements of Non-Major Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information consisting of the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Local Education Agency Organization Structure, Schedule of Average Daily Attendance, Schedule of Instructional Time, the Schedule of Financial Trends and Analysis, the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, Schedule of Charter Schools, and Note to Supplementary Information, as required by the Education Audit Appeals Panel, issued as regulations, the *Standards and Procedures for Audits of California Local Educational Agencies 2013-14*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards, Local Education Agency Organization Structure, Schedule of Average Daily Attendance, Schedule of Instructional Time, Schedule of Financial Trends and Analysis, Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, Schedule of Charter Schools, and Note to Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 13, 2014 on my consideration of Wheatland Elementary School District 's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wheatland Elementary School District 's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "R. J. Dennis Accountancy". The signature is written in black ink and includes a large, stylized flourish at the end.

November 13, 2014



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

Our discussion and analysis of Wheatland Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. It should be read in conjunction with the District's financial statements, which follow this section.

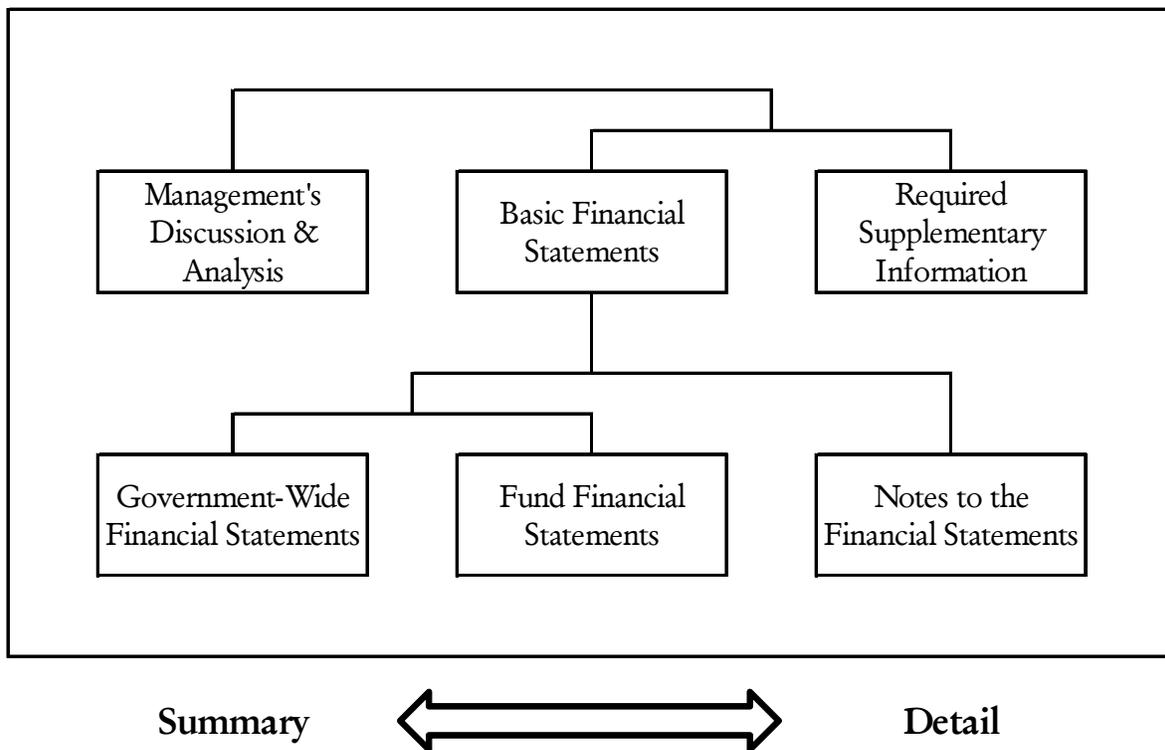
### FINANCIAL HIGHLIGHTS

- ▶ Total net position was \$42 million at June 30, 2014. This was an increase of \$1.8 million over the prior year.
- ▶ Overall revenues were \$14.2 million, which was less than expenses of \$16.0 million.
- ▶ The net cost of the District's programs (expenses after program revenues) was \$13.0 million.
- ▶ The general fund reported a decrease in fund balance this year of \$672 thousand.
- ▶ The resources available for appropriation were \$276 thousand less than budgeted for the General Fund. However, we kept expenditures within spending limits.

### OVERVIEW OF FINANCIAL STATEMENTS

#### Components of the Financials Section

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



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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

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

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

Government-Wide Statements

The government-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 government’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.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2014

---

The two government-wide statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health 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 the District's roads.

*Governmental activities*—Most of the District's basic services are included here, such as the instruction, instruction related, student services, general administration, and other school district operations. Property taxes, state aid, and other state and federal grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The California Dept. of Education ("CDE") establishes other funds to control and manage money for particular purposes (like the Child Development Fund) or to show that it is properly using certain grants (like aid from the CDE).

The District has two kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which 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 year-end 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 government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for its Associated Student Body ("ASB") accounts. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position decreased between fiscal years 2013 and 2014—decreasing to \$42.4 million. (See Table 1.)

Table 1 - Net Position

	Governmental Activities			
	2014	2013	\$ Change	% Change
<i>(amounts in thousands)</i>				
<b>ASSETS</b>				
Current assets	\$ 18,696	\$ 20,009	\$ (1,313)	-7%
Capital assets, net	25,273	25,169	104	0%
<b>Total Assets</b>	<b>43,969</b>	<b>45,179</b>	<b>(1,209)</b>	<b>-3%</b>
<b>LIABILITIES</b>				
Current liabilities	388	143	245	171%
Non-current liabilities	1,154	797	357	45%
<b>Total Liabilities</b>	<b>1,542</b>	<b>940</b>	<b>602</b>	<b>64%</b>
<b>NET POSITION</b>				
Net investment in capital assets	24,807	25,169	(362)	-1%
Restricted	4,380	4,766	(386)	-8%
Unrestricted	13,240	14,304	(1,064)	-7%
<b>Total Net Position</b>	<b>\$ 42,427</b>	<b>\$ 44,239</b>	<b>\$ (1,811)</b>	<b>-4%</b>

The net position decreased four percent to \$42.4 million. However, some of the components either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, and so on). Consequently, the *unrestricted* component of net position showed \$13.2 million at the end of this year.

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

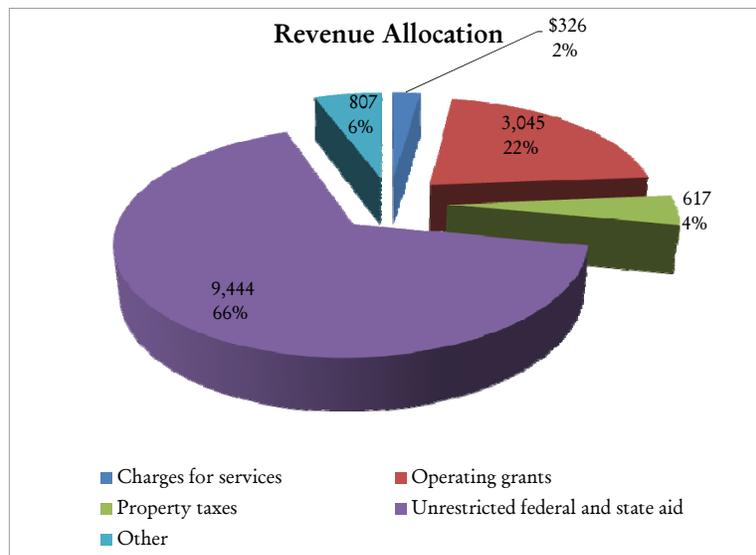
- During this past year, Impact Aid was cut by almost half.
- There were technology upgrades and replacements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

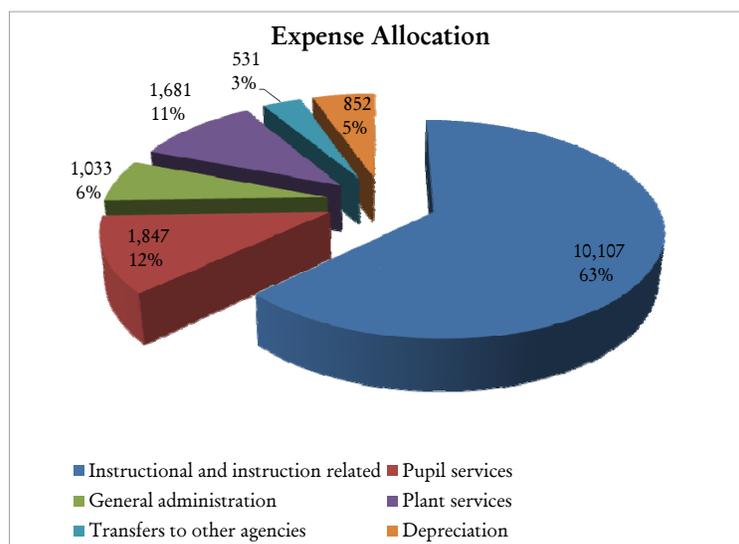
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

Changes in Net Position

The District’s total revenues (excluding special items) decreased by ten percent to \$14.2 million. (See Table 2.) Almost two-thirds of the District’s revenue comes from LCFF which is a combination of property taxes and state aid. Twenty cents of every dollar raised comes from some type of grant. (See Revenue Allocation.) The rest come from fees charged for services, and miscellaneous revenue.



The total cost of all programs and services was virtually unchanged (increasing less than \$400 thousand, or about two percent). The District’s expenses cover a range of services, with about half related to instruction and student services. (See Expense Allocation.)



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

Governmental Activities

Revenues for the District decreased ten percent, while total expenses increased two percent.

The District’s management took three major actions this year to avoid the level of decrease in net position reported last year. Two of these actions increased revenues and a third reduced expenses:

- The District ADA increased by 47.

**Table 2 - Changes in Net Position**

	<u>Governmental Activities</u>				
	<i>(amounts in thousands)</i>	2014	2013	\$ Change	% Change
<b>REVENUES</b>					
Program revenues					
Charges for services	\$	326	\$ 329	\$ (3)	-1%
Operating grants		3,045	2,940	105	4%
General revenues					
Property taxes		617	581	37	6%
Unrestricted federal and state aid		9,444	11,136	(1,692)	-15%
Other		807	852	(45)	-5%
<b>Total Revenues</b>		<b>14,239</b>	<b>15,838</b>	<b>(1,598)</b>	<b>-10%</b>
<b>EXPENSES</b>					
Instructional and instruction related		10,107	9,948	159	2%
Pupil services		1,847	1,882	(36)	-2%
General administration		1,033	1,051	(18)	-2%
Plant services		1,681	1,668	14	1%
Transfers to other agencies		531	258	273	106%
Depreciation		852	865	(13)	-2%
<b>Total Expenses</b>		<b>16,051</b>	<b>15,672</b>	<b>379</b>	<b>2%</b>
<b>Excess (deficiency)</b>	<b>\$</b>	<b>(1,811)</b>	<b>\$ 166</b>	<b>\$ (1,977)</b>	<b>-1192%</b>

Despite the ADA increase, grant revenues lagged by \$185 thousand, namely due to the change in funding model from revenue limit to LCFF, which combined prior year categorical money into unrestricted state aid.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

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

- The cost of all *governmental* activities this year was \$16 million.
- Some of the cost was paid by:
  - Those who directly benefited from the programs (\$326 thousand), or
  - Other governments and organizations that subsidized certain programs with grants and contributions (\$2.8 million).
- The District paid for the \$12.7 million “public benefit” portion with \$9.4 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			
	2014	2013	2014	2013	\$ Change	% Change
<i>(amounts in thousands)</i>						
Instruction	\$ 8,333	\$ 8,403	\$ 6,866	\$ 7,029	(163)	-2%
Instruction related	1,774	1,545	1,500	1,494	6	0%
Student services	1,847	1,882	610	235	375	160%
Plant services	1,681	1,668	1,590	1,622	(32)	-2%
Other	2,415	2,173	2,114	2,022	92	5%
<b>Total</b>	<b>\$ 16,051</b>	<b>\$ 15,672</b>	<b>\$ 12,680</b>	<b>\$ 12,402</b>	<b>\$ 278</b>	<b>2%</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statement

As the District completed the year, its funds reported a *combined* fund balance of \$16.9 million, slightly below last year. Included in this year's total change in fund balance, however, is a loss of \$698 thousand in the District's General Fund. The primary reasons for the general fund's losses mirror those highlighted in the analysis of governmental activities.

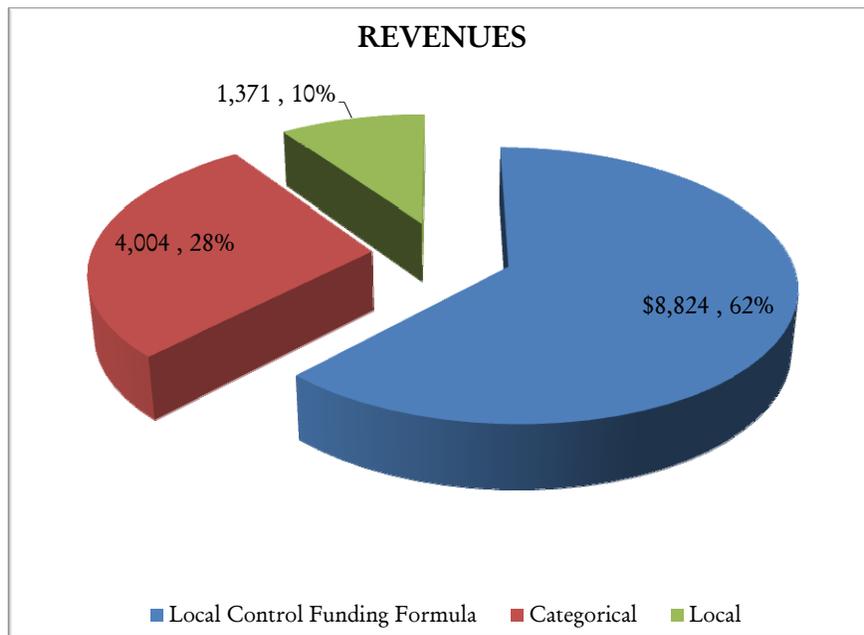
Table 4 - Funds' Performance

	Governmental Funds				
	(amounts in thousands)	2014	2013	\$ Change	% Change
<b>REVENUES</b>					
Local Control Funding Formula	\$	8,824	\$ 6,724	\$ 2,100	31%
Categorical		4,004	7,530	(3,526)	-47%
Local		1,371	1,562	(191)	-12%
<b>Total Revenues</b>		<b>14,199</b>	<b>15,816</b>	<b>(1,617)</b>	<b>-10%</b>
<b>EXPENDITURES / EXPENSES</b>					
Certificated		5,990	5,983	7	0%
Classified		3,236	3,414	(178)	-5%
Benefits		2,905	2,811	94	3%
Books and supplies		1,431	1,191	240	20%
Services and other operating expenses		1,111	1,150	(39)	-3%
Capital outlay		956	402	554	138%
Other outgo		541	258	283	110%
<b>Total Expenditures</b>		<b>16,170</b>	<b>15,209</b>	<b>961</b>	<b>6%</b>
<b>Net financing activities</b>		<b>476</b>	<b>-</b>	<b>476</b>	<b>n/a</b>
<b>NET CHANGE IN</b>					
<b>FUND BALANCE</b>	\$	<b>(1,495)</b>	\$ 607	\$ (2,102)	<b>-346%</b>

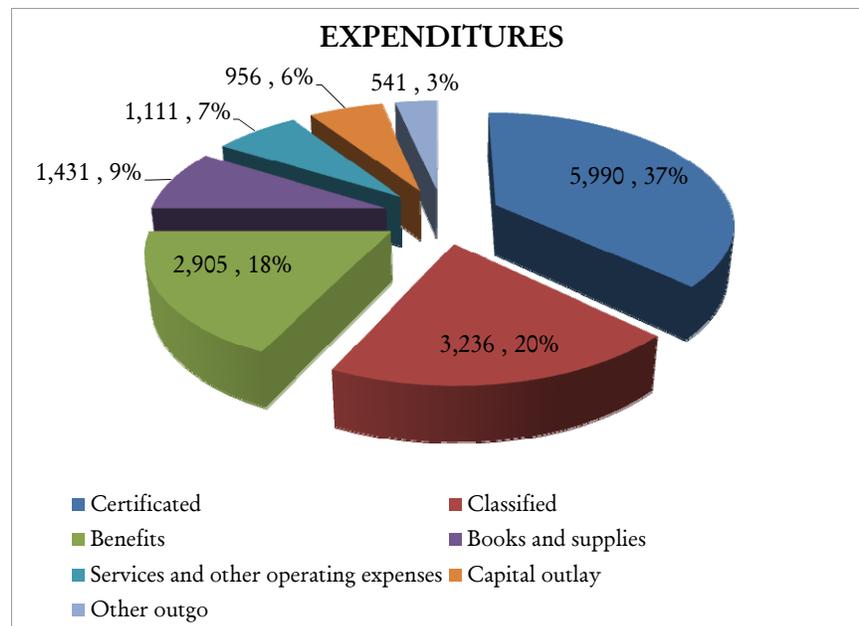
WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
JUNE 30, 2014

---



These graphs represent the fund expenditures by object code.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

**General Fund Budgetary Highlights**

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

- Amendments and supplemental appropriations approved in December (1<sup>st</sup> Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2013).
- Changes made in the 2<sup>nd</sup> Interim to account for the midyear hiring and overtime freeze, some of the District’s staff restructuring efforts .
- Increases in appropriations to prevent budget overruns .

Even with these adjustments, actual expenditures were almost \$600 thousand below final budget amounts. The most significant variance resulted from anticipated technology replacements and upgrades.

On the other hand, resources available for appropriation were \$302 thousand below the final budgeted amount. As noted earlier:

- Due to the new LCFF funding model, revenues were in flux.
- Impact Aid is still feeling the effects of sequestration.

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

	General Fund Activity			General Fund Budget		
	2014	2013	% Diff.	Original Budget	Final Budget	% Diff.
<i>(amounts in thousands)</i>						
<b>REVENUES</b>						
Local Control Funding Formula	\$ 8,196	\$ 6,279	31%	\$ 5,662	\$ 8,466	50%
Categorical	3,225	6,450	-50%	4,801	3,422	-29%
Local	1,070	1,212	-12%	990	905	-9%
<b>Total Revenues</b>	<b>12,491</b>	<b>13,941</b>	<b>-10%</b>	<b>11,453</b>	<b>12,793</b>	<b>12%</b>
<b>EXPENDITURES</b>						
Certificated	5,532	5,485	1%	5,358	5,489	2%
Classified	2,634	2,765	-5%	2,621	2,645	1%
Benefits	2,547	2,426	5%	2,389	2,441	2%
Supplies and services	1,954	1,790	9%	1,972	2,905	47%
Other	494	388	27%	270	280	4%
<b>Total Expenditures</b>	<b>13,161</b>	<b>12,854</b>	<b>2%</b>	<b>12,610</b>	<b>13,760</b>	<b>9%</b>
<b>Net financing activities</b>	<b>(29)</b>	<b>(90)</b>	<b>-68%</b>	<b>(130)</b>	<b>(95)</b>	<b>-27%</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (699)</b>	<b>\$ 997</b>	<b>-170%</b>	<b>\$ (1,287)</b>	<b>\$ (1,062)</b>	<b>-17%</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
 JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$25.2 million in a broad range of capital assets, including buildings, building improvements, and equipment. (See Table 6.) This amount represents a net increase (including additions and deductions) of \$105 thousand over last year.

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

	<i>(amounts in thousands)</i> Governmental Activities			
	2014	2013	\$ Change	% Change
<b>CAPITAL ASSETS</b>				
Land and construction in progress	\$ 362	\$ 362	\$ -	0%
Buildings and equipment	34,859	33,903	956	3%
Accumulated depreciation	(9,947)	(9,096)	(851)	9%
<b>Total Capital Assets</b>	<b>\$ 25,274</b>	<b>\$ 25,169</b>	<b>\$ 105</b>	<b>0%</b>

This year's capital asset additions included (\$956 thousand):

- Solar Panel installation
- Three equipment(vehicles and a tractor) purchases

Long-Term Liabilities

At year-end the District had \$1.5 million in OPEB, a lease, and compensated absences, an increase of forty-five percent over last year—as shown in Table 7. More detailed information about the District's long-term liabilities is presented in Note x to the financial statements.

New debt resulted mainly from the solar panel lease. However, OPEB has been trending down.

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

	<i>(amounts in thousands)</i> Governmental Activities			
	2014	2013	\$ Change	% Change
<b>LONG-TERM LIABILITIES</b>				
Net OPEB	\$ 658	\$ 730	\$ (72)	-10%
Compensated absences	61	67	(6)	-9%
Capital leases	466	-	466	n/a
Less current portion	(31)	-	(31)	n/a
<b>Total Long-term Liabilities</b>	<b>\$ 1,154</b>	<b>\$ 797</b>	<b>\$ 357</b>	<b>45%</b>

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2014

---

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

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

- The recent State economic/budget crisis has caused major concerns to the District. The lengthy eight year planned phase in of LCFF, leads to apprehensions that the annual State budget will appropriately allocate the new funds required to meet the full funding for our District.
- The recent Federal economic/budget crisis has left the District with reductions to its Impact Aid funding and concerns over future reductions. This can have a profound impact on the financial health of the District. Besides Impact Aid funding, the District's Federal Child Development funds, Title I, Title II and National School Lunch Program must be closely monitored.
- The District successfully passed Measure R General Obligation Bond in November 2008. No bonds have been issued on this \$5.7 Million measure.
- The budget assumptions used to prepare the budget for 2014-15 include a 4% on-schedule increase to all certificated, classified, secretarial, confidential, administrative, and management employees. Estimated step and column increases were budgeted for all employees.
- Annual retirement increases in both the STRS and PERS systems are significant through 2020-21. Employer rates will reach an estimated 19.10% and 20.4% at that time.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

---

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Deposits and investments	\$ 17,429,615
Accrued receivables	1,254,925
Inventory	8,010
Prepaid expenses	3,400
Capital assets, not depreciable	362,000
Capital assets, depreciable, net	24,911,349
<b>TOTAL ASSETS</b>	<b>\$ 43,969,299</b>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 357,018
Long-term liabilities, current portion	31,000
Long-term liabilities	1,153,879
<b>Total Liabilities</b>	<b>1,541,897</b>
<b>NET POSITION</b>	
Net investment in capital assets	24,807,349
Restricted for	
Self-insurance	176,237
Capital projects	3,061,882
Educational programs	1,141,796
Unrestricted	13,240,138
<b>Total Net Position</b>	<b>42,427,402</b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 43,969,299</b>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 8,332,916	\$ 9,865	\$ 1,457,406	\$ (6,865,645)
Instruction-related services				
Instructional supervision and administration	116,946	-	38,783	(78,163)
Instructional library, media, and technology	553,279	-	192,789	(360,490)
School site administration	1,103,972	816	41,461	(1,061,695)
Pupil services				
Home-to-school transportation	380,894	-	-	(380,894)
Food services	546,054	158,289	384,273	(3,492)
All other pupil services	919,720	97,337	596,465	(225,918)
General administration				
All other general administration	1,032,690	971	114,029	(917,690)
Plant services	1,681,295	53,967	37,071	(1,590,257)
Transfer to other agencies	531,215	4,577	182,528	(344,110)
Depreciation (unallocated)	851,540	-	-	(851,540)
<b>Total Governmental Activities</b>	<b>\$ 16,050,521</b>	<b>\$ 325,822</b>	<b>\$ 3,044,805</b>	<b>(12,679,894)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				617,299
Federal and state aid not restricted for specific purposes				9,444,122
Interest and investment earnings				140,395
Interagency revenues				647,341
Miscellaneous				19,360
<b>Subtotal, General Revenue</b>				<b>10,868,517</b>
<b>CHANGE IN NET POSITION</b>				<b>(1,811,377)</b>
<b>Net Position - Beginning</b>				<b>44,238,779</b>
<b>Net Position - Ending</b>				<b>\$ 42,427,402</b>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014

	General Fund	Charter School Fund	Capital Facilities Fund
<b>ASSETS</b>			
Deposits and investments	\$ 10,778,283	\$ 469,445	\$ 3,057,701
Accrued receivables	1,055,814	89,562	4,181
Due from other funds	100,428	-	-
Stores inventory	-	-	-
Prepaid expenditures	3,400	-	-
<b>Total Assets</b>	<b>\$ 11,937,925</b>	<b>\$ 559,007</b>	<b>\$ 3,061,882</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 332,204	\$ 20,616	\$ -
Due to other funds	-	77,414	-
<b>Total Liabilities</b>	<b>332,204</b>	<b>98,030</b>	<b>-</b>
<b>FUND BALANCES</b>			
Non-spendable	17,050	-	-
Spendable			
Restricted	1,000,632	17,934	3,061,882
Committed	-	-	-
Assigned	1,773,443	443,043	-
Unassigned	8,814,596	-	-
<b>Total Fund Balances</b>	<b>11,605,721</b>	<b>460,977</b>	<b>3,061,882</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,937,925</b>	<b>\$ 559,007</b>	<b>\$ 3,061,882</b>

The accompanying notes are an integral part of these financial statements

---

Non-Major Governmental Funds		Total Governmental Funds	
\$	1,643,954	\$	15,949,383
	103,344		1,252,901
	-		100,428
	8,010		8,010
	-		3,400
<b>\$</b>	<b>1,755,308</b>	<b>\$</b>	<b>17,314,122</b>
\$	4,198	\$	357,018
	23,014		100,428
	27,212		457,446
	8,010		25,060
	123,230		4,203,678
	824,437		824,437
	772,419		2,988,905
	-		8,814,596
	1,728,096		16,856,676
<b>\$</b>	<b>1,755,308</b>	<b>\$</b>	<b>17,314,122</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2014

---

Total Fund Balance - Governmental Funds \$ 16,856,676

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	\$ 35,220,533	
Accumulated depreciation	(9,947,184)	25,273,349

---

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:

Compensated absences	60,889	
Capital leases payable	466,000	(526,889)

---

Internal service funds:

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

net position for internal service funds are: 824,266

---

**Total Net Position - Governmental Activities \$ 42,427,402**

---

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, 2014

	General Fund	Charter School Fund	Capital Facilities Fund
<b>REVENUES</b>			
Local Control Funding Formula ("LCFF") Sources			
State aid	\$ 7,686,166	\$ 520,687	\$ -
Local sources	617,299	-	-
Transfers	(107,807)	42,248	-
Federal sources	1,867,390	-	-
Other State sources	1,358,107	61,840	-
Other local sources	1,070,364	4,250	35,327
<b>Total Revenues</b>	<b>12,491,519</b>	<b>629,025</b>	<b>35,327</b>
<b>EXPENDITURES</b>			
Current			
Instruction	7,520,852	491,625	-
Instruction-related services			
Instructional supervision and administration	59,315	-	-
Instructional library, media, and technology	549,837	-	-
School site administration	977,706	126,673	-
Pupil services			
Home-to-school transportation	359,828	20,000	-
Food services	-	-	-
All other pupil services	919,720	-	-
General administration			
All other general administration	1,009,853	-	-
Plant services	1,239,947	60,260	255,561
Transfers to other agencies	513,546	17,669	-
Facilities acquisition and construction	-	-	-
Debt service			
Principal	9,993	-	-
<b>Total Expenditures</b>	<b>13,160,597</b>	<b>716,227</b>	<b>255,561</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<b>(669,078)</b>	<b>(87,202)</b>	<b>(220,234)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Other Sources	-	-	-
Transfers Out	(28,864)	-	-
<b>Net Financing Sources (Uses)</b>	<b>(28,864)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(697,942)</b>	<b>(87,202)</b>	<b>(220,234)</b>
<b>Fund Balance - Beginning</b>	<b>12,303,663</b>	<b>548,179</b>	<b>3,282,116</b>
<b>Fund Balance - Ending</b>	<b>\$ 11,605,721</b>	<b>\$ 460,977</b>	<b>\$ 3,061,882</b>

The accompanying notes are an integral part of these financial statements

---

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 8,206,853
-	617,299
65,170	(389)
388,259	2,255,649
327,925	1,747,872
261,537	1,371,478
<u>1,042,891</u>	<u>14,198,762</u>
320,439	8,332,916
56,833	116,148
-	549,837
-	1,104,379
-	379,828
547,821	547,821
-	919,720
30,010	1,039,863
203,079	1,758,847
-	531,215
880,000	880,000
-	9,993
<u>2,038,182</u>	<u>16,170,567</u>
(995,291)	(1,971,805)
28,864	28,864
475,993	475,993
-	(28,864)
<u>504,857</u>	<u>475,993</u>
(490,434)	(1,495,812)
<u>2,218,530</u>	<u>18,352,488</u>
<u>\$ 1,728,096</u>	<u>\$ 16,856,676</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

---

Net Change in Fund Balances - Governmental Funds \$ (1,495,812)

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:	955,722	
Depreciation expense:	(851,540)	104,182

---

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:

9,993

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES,  
Continued  
FOR THE YEAR ENDED JUNE 30, 2014

---

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (475,993)

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: 5,871

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 40,382

---

**Change in net position of Governmental Activities** \$ (1,811,377)

---

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2014

---

	<u>Governmental Activities Internal Service Fund</u>
	<u>Self-Insurance</u>
<b>ASSETS</b>	
Current assets	
Deposits and investments	\$ 1,480,232
Accrued receivables	2,024
<b>Total Assets</b>	<b>\$ 1,482,256</b>
<b>LIABILITIES</b>	
Non-current liabilities	\$ 657,990
<b>NET POSITION</b>	
Restricted	176,237
Unrestricted	648,029
<b>Total Net Position</b>	<b>824,266</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,482,256</b>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014

---

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Insurance</u>
<b>NON-OPERATING REVENUE</b>	
Interest income	\$ 11,545
Other non-operating revenue	28,837
<b>Total non-operating revenues</b>	<b>40,382</b>
<b>CHANGE IN NET POSITION</b>	<b>40,382</b>
<b>Net Position - Beginning</b>	<b>783,884</b>
<b>Net Position - Ending</b>	<b>\$ 824,266</b>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Insurance</u>
<b>Cash flows from operating activities</b>	
Cash payments to suppliers for goods and services	\$ (8,641)
Cash payments for insurance claims	(43,007)
Net cash used by operating activities	(51,648)
<b>Cash flows from non-capital financing activities</b>	
Non-operating grants received	
Interfund transfers out	(4,933)
Net cash used by non-capital financing activities	(4,933)
<b>Cash flows from investing activities</b>	
Interest received	12,818
<b>NET DECREASE IN CASH</b>	(43,763)
<b>CASH</b>	
Beginning of year	1,523,995
End of year	\$ 1,480,232
<b>Reconciliation of operating activities</b>	
Decrease in accounts payable	\$ (8,641)
Decrease in claims liabilities	(43,007)
Net cash used by operating activities	\$ (51,648)

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014

---

	<u>ASB Agency Funds</u>
<b>ASSETS</b>	
Deposits and investments	\$ 99,455
<b>LIABILITIES</b>	
Due to student groups:	
Bear River	\$ 48,358
Wheatland	32,638
Lone Tree	12,344
Wheatland Charter	1,484
Pre-school	4,631
<b>Total Liabilities</b>	<b>\$ 99,455</b>

The accompanying notes are an integral part of these financial statements

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

---

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

#### **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.

#### **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 13 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”)

#### **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.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2014

---

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.

### Major Governmental Funds

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

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

**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).

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2014

---

Non-Major Governmental Funds

**Special Revenue Funds** are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund:

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

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

**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).

**County School Facilities Fund.** This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

**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).

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2014

---

### 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).

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

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

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

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2014

---

#### **Governmental Funds**

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

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

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

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

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

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

#### **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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2014

---

**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.

**E. Assets, Liabilities, and Net Position**

**Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2014, based on market process. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The District considers these balances to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. The District considers the deposits and investments in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Inventories and Prepaid Items**

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2014

---

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$20,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

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

**Interfund Balances**

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

**Compensated Absences**

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

**Accrued Liabilities and Long-Term Obligations**

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

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

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

**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.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2014

---

*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, 2014. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The district-wide financial statements report \$4,380,433 of restricted net position.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2014

---

### Estimates

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

### Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

### F. New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2014

---

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Summary of Deposits and Investments**

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Cash on hand	\$ 900	\$ -	\$ 900
Deposits in financial institutions	12,750	99,455	112,205
Cash in County	17,415,965	-	17,415,965
<b>Total</b>	<b>\$ 17,429,615</b>	<b>\$ 99,455</b>	<b>\$ 17,529,070</b>

**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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

**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:

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 – Select Agencies	270 days	25%	“A-1” if the issuer has issued long- term debt it must be rated “A” without regard to modifiers
Commercial Paper – Other Agencies	270 days	25%	“A-1” if the issuer has issued long- term debt it must be rated “A” without regard to modifiers
Negotiable Certificates of Deposit	5 years	30%	None
CD Placement Service	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value of the portfolio	None
Medium-Term Notes	5 years	30%	“A” Rating
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
Bank/Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pools	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2014

---

**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.

**E. Credit Risk**

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

**F. Specific Identification**

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

**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, 2014, the District's bank balances of \$116,442 was insured.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

**NOTE 3 - ACCRUED RECEIVABLES**

Receivables at June 30, 2014, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Capital Facilities Fund	Non-Major Governmental Funds	Self-Insurance	Total Governmental Activities
Federal Government						
Categorical aid	\$ 566,946	\$ 2,547	\$ -	\$ 83,520	\$ -	\$ 653,013
State Government						
Apportionment						
LCFF deferrals	-	86,373	-	-	-	86,373
Categorical aid	131,263	-	-	17,577	-	148,840
Local Government						
Interest	14,721	642	4,181	2,247	2,024	23,815
California Montessori Project	339,239	-	-	-	-	339,239
Other Local Sources	3,645	-	-	-	-	3,645
<b>Total</b>	<b>\$ 1,055,814</b>	<b>\$ 89,562</b>	<b>\$ 4,181</b>	<b>\$ 103,344</b>	<b>\$ 2,024</b>	<b>\$ 1,254,925</b>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 01, 2013	Additions	Balance June 30, 2014
Capital assets not being depreciated			
Land	\$ 362,000	\$ -	\$ 362,000
Capital assets being depreciated			
Buildings & improvements	\$ 32,134,650	\$ 880,000	\$ 33,014,650
Furniture & equipment	1,768,161	75,722	1,843,883
<b>Total Capital Assets Being Depreciated</b>	<b>33,902,811</b>	<b>955,722</b>	<b>34,858,533</b>
Less Accumulated Depreciation			
Buildings & improvements	8,409,670	719,794	9,129,464
Furniture & equipment	685,974	131,746	817,720
<b>Total Accumulated Depreciation</b>	<b>9,095,644</b>	<b>851,540</b>	<b>9,947,184</b>
<b>Depreciable Capital Assets, net</b>	<b>\$ 24,807,167</b>	<b>\$ 104,182</b>	<b>\$ 24,911,349</b>
<b>Total Capital Assets, net</b>	<b>\$ 25,169,167</b>	<b>\$ 104,182</b>	<b>\$ 25,273,349</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

NOTE 5 - INTERFUND TRANSACTIONS

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

	<u>Due From Other Funds</u>
<u>Due To Other Funds</u>	<u>General Fund</u>
Charter Schools Special Revenue Fund	\$ 77,414
Non-Major Funds	23,014
<b>Total Due From Other Funds</b>	<b>\$ 100,428</b>

Charter School Fund owes the General Fund for operational costs and excess costs in the amount of	\$ 77,414
The Child Development Fund owes the General Fund for various operational costs and indirect costs in the amount of	22,990
The Cafeteria Fund owes the General Fund for postage costs in the amount of	24
<b>Total</b>	<b>\$ 100,428</b>

B. Operating Transfers

	<u>Interfund Transfers In</u>
<u>Transfer To Other Funds</u>	<u>Non-Major Governmental Funds</u>
<b>General Fund</b>	<b>\$ 28,864</b>

The General Fund transferred to the Child Development Fund for operational support in the amount of	\$ 25,000
The General Fund transferred to the Cafeteria Fund for operational support in the amount of	3,864
<b>Total</b>	<b>\$ 28,864</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

*NOTE 6 - ACCRUED LIABILITIES*

Accrued liabilities at June 30, 2014, consisted of the following:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Payroll	\$ 1,266	\$ -	\$ -	\$ 1,266
Vendors payable	116,692	20,616	4,198	141,506
COE payables	214,246	-	-	214,246
<b>Total</b>	<b>\$ 332,204</b>	<b>\$ 20,616</b>	<b>\$ 4,198</b>	<b>\$ 357,018</b>

*NOTE 7 - LONG-TERM DEBT*

**A. Long-Term Debt Summary**

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014	Balance Due In One Year	Long-Term Balance
Capital leases	\$ -	\$ 880,000	\$ 414,000	\$ 466,000	\$ 31,000	\$ 435,000
Compensated absences	66,760	-	5,871	60,889	-	60,889
Net OPEB obligations	729,834	-	71,844	657,990	-	657,990
<b>Total</b>	<b>\$ 796,594</b>	<b>\$ 880,000</b>	<b>\$ 491,715</b>	<b>\$ 1,184,879</b>	<b>\$ 31,000</b>	<b>\$ 1,153,879</b>

**B. Capital leases**

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

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

Year Ending June 30,	Estimated Lease Payment	Maximum Lease Payment
2015	\$ 61,000	\$ 67,580
2016	61,000	67,244
2017	61,000	66,909
2018	61,000	66,576
2019	60,000	66,245
2020	334,000	317,635
Total payments	638,000	<u>\$ 652,189</u>
Less: Amount representing interest	172,000	
Present value of minimum lease payments	<u>\$ 466,000</u>	

**C. Compensated Absences**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2014, amounted to \$60,889.

**C. Other Post Employment Benefits**

The District follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District's annual required contribution for the year ended June 30, 2014, was a reduction of \$46,169 and contributions made by the District during the year were \$25,675, which resulted in a net OPEB obligation of \$657,990. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

NOTE 8 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>					
Non-restricted					
Reserve for revolving cash	\$ 13,650	\$ -	\$ -	\$ -	\$ 13,650
Reserve for stores inventory	-	-	-	8,010	8,010
Reserve for prepaid expenditures	3,400	-	-	-	3,400
<b>Total Nonspendable</b>	<b>17,050</b>	<b>-</b>	<b>-</b>	<b>8,010</b>	<b>25,060</b>
<b>Spendable</b>					
Restricted					
Educational programs					
Federal	-	-	-	123,230	123,230
State	335,994	17,934	-	-	353,928
Local	664,638	-	-	-	664,638
Capital facilities	-	-	3,061,882	-	3,061,882
<b>Total Restricted</b>	<b>1,000,632</b>	<b>17,934</b>	<b>3,061,882</b>	<b>123,230</b>	<b>4,203,678</b>
Committed					
Deferred maintenance	-	-	-	824,437	824,437
Assigned					
Accrued Vacation	60,889	-	-	-	60,889
School Site Carryovers	593,886	-	-	-	593,886
Lottery	1,118,668	19,395	-	-	1,138,063
Facility acquisition	-	250,000	-	-	250,000
Charter school fund	-	173,648	-	-	173,648
Child development	-	-	-	63,948	63,948
Cafeteria	-	-	-	65,194	65,194
Capital projects	-	-	-	643,277	643,277
<b>Total Assigned</b>	<b>1,773,443</b>	<b>443,043</b>	<b>-</b>	<b>772,419</b>	<b>2,988,905</b>
Unassigned					
Reserve for economic uncertainties	645,985	-	-	-	645,985
Unassigned	8,168,611	-	-	-	8,168,611
<b>Total Unassigned</b>	<b>8,814,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,814,596</b>
<b>Total</b>	<b>\$ 11,605,721</b>	<b>\$ 460,977</b>	<b>\$ 3,061,882</b>	<b>\$ 1,728,096</b>	<b>\$ 16,856,676</b>

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

---

*NOTE 9 - EXPENDITURES (BUDGET VERSUS ACTUAL)*

At June 30, 2014, the following District major fund exceeded the budgeted amount in total as follows:

	<u>Expenditures and Other Uses</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund	\$ 12,740,307	\$ 13,189,461	\$ (449,154)
Cafeteria Special Revenue Fund	513,235	547,821	(34,586)
County School Facilities Fund	10,000	880,000	(870,000)
Special Reserve Fund for Capital Outlay Projects	37,500	126,049	(88,549)

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

**A. Plan Description**

The Postemployment Benefit Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the Wheatland Elementary School District. The Plan offers the following benefits by bargaining unit:

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

**B. Funding Policy**

The contribution requirements of Plan members and the District are established and may be amended by the District and District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014, the District contributed \$1,400,299 to the Plan, all of which was used for current premiums.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
 JUNE 30, 2014

**C. Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$	19,834
Interest on net OPEB obligation		34,667
Adjustment to annual required contribution		(100,670)
<u>Annual OPEB cost (expense)</u>		<u>(46,169)</u>
Contributions made		(25,675)
Decrease in net OPEB obligation		(71,844)
Net OPEB obligation, beginning of the year		729,834
<u>Net OPEB obligation, end of the year</u>		<u>\$ 657,990</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is as follows:

Fiscal Year	Annual OPEB COST	Percentage Contributed	Net OPEB Obligation
2011	\$ 106,871	85%	\$ 991,403
2012	39,890	100%	742,321
2013	39,890	100%	729,834
2014	(46,169)	N/A	657,990

**D. Funded Status and Funding Progress**

As of June 30, 2014, the most recent actuarial valuation date, the plan was not funded. This results in an unfunded actuarial accrued liability (UAAL) of \$657,990. The covered payroll (annual payroll of active employees covered by the plan) was \$4,315,000, and the ratio of UAAL to the covered payroll was fifteen percent.

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

**E. Actuarial Methods and Assumptions**

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

In the February 1, 2014, actuarial valuation, the "entry age normal" actuarial cost method was used. The actuarial assumptions included an inflation rate of 2.75% per year; a 4.75% investment return on plan assets. For medical costs a four percent trend rate was used based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Finally, payroll is assumed to increase 2.75% per year. A level percentage of payroll method was used to allocate amortization cost by year. We used a level dollar, closed 30 year amortization period for the initial UAAL. We used a level dollar, open 30 year amortization period for any residual UAAL.

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

**A. CalSTRS**

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Funding Policy**

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$453,780, \$472,479, and \$433,906, respectively, and equal 100 percent of the required contributions for each year.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2014

---

#### **B. CalPERS**

##### **Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

##### **Funding Policy**

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2014 was 11.442% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$322,367, \$338,423, and \$315,670, respectively, and equal 100 percent of the required contributions for each year.

#### **C. Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

#### **D. On Behalf Payments**

Statute calls for a supplemental State contribution to fund the normal cost deficit or the unfunded obligation if certain conditions are met. Since an Unfunded Actuary Obligation ("UAO") on the 1990 Benefit Structure exists as of the 2012 Actuarial Valuation and since it cannot be amortized based on the current rate, an increase in the State supplemental contribution rate is required. This results in a defined benefit basic contribution (Education Code §22955(a)) of 2.017% and a supplemental contribution (Education Code §22955(b)) of 1.024%, for a total required State contribution rate of 3.041% of the second preceding fiscal year earned salaries for the fiscal year beginning in 2013.

The State also contributes an amount equal to about 2.5 percent of annual member earnings into the CalSTRS Supplemental Benefit Maintenance Account. The SBMA account is used to maintain the purchasing power of benefits.

The previously mentioned payments consist of State General Fund contributions to CalSTRS of approximately \$291,000. In years past guidance received from the California Department of Education incorrectly advised LEAs not to record these amounts in the Annual Financial and Budget Report. However, under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures; and as such these amounts have been recorded in these financial statements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued  
JUNE 30, 2014

---

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

*NOTE 12 - COMMITMENTS AND CONTINGENCIES*

**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, 2014.

**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 June 30, 2014.

*NOTE 13 - PARTICIPATION IN JOINT POWERS AUTHORITIES*

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

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

During the year ended June 30, 2014, the District made the following payments to each JPA:

<u>Joint Powers Authority</u>	<u>2014 Payments</u>
NVSIG	\$163,956
TCSIG	100,498
CVT	1,829,777
SPURR	22,625

<PAGE INTENTIONALLY LEFT BLANK>

---

---

**REQUIRED SUPPLEMENTARY INFORMATION**

---

---

<PAGE INTENTIONALLY LEFT BLANK>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 4,972,917	\$ 7,922,176	\$ 7,686,166	\$ (236,010)
Local sources	616,503	580,767	617,299	36,532
Transfers	72,776	(37,091)	(107,807)	(70,716)
Federal sources	2,180,354	2,362,668	1,867,390	(495,278)
Other State sources	2,621,056	1,059,350	1,358,107	298,757
Other local sources	989,968	905,326	1,070,364	165,038
<b>Total Revenues</b>	<b>11,453,574</b>	<b>12,793,196</b>	<b>12,491,519</b>	<b>(301,677)</b>
<b>EXPENDITURES</b>				
Certificated salaries	5,357,721	5,489,072	5,531,931	(42,859)
Classified salaries	2,621,059	2,645,461	2,633,820	11,641
Employee benefits	2,389,249	2,440,958	2,547,439	(106,481)
Books and supplies	821,591	1,585,732	1,030,006	555,726
Services and other operating expenditures	1,150,897	1,318,927	923,872	395,055
Other outgo				
Excluding transfers of indirect costs	303,000	312,772	523,539	(210,767)
Transfers of indirect costs	(33,270)	(33,270)	(30,010)	(3,260)
<b>Total Expenditures</b>	<b>12,610,247</b>	<b>13,759,652</b>	<b>13,160,597</b>	<b>599,055</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(1,156,673)</b>	<b>(966,456)</b>	<b>(669,078)</b>	<b>297,378</b>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(130,060)	(95,170)	(28,864)	66,306
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,286,733)</b>	<b>(1,061,626)</b>	<b>(697,942)</b>	<b>363,684</b>
<b>Fund Balance - Beginning</b>	<b>12,303,663</b>	<b>12,303,663</b>	<b>12,303,663</b>	
<b>Fund Balance - Ending</b>	<b>\$ 11,016,930</b>	<b>\$ 11,242,037</b>	<b>\$ 11,605,721</b>	<b>\$ 363,684</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL FUND - BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
<b>REVENUES</b>				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 432,695	\$ 480,659	\$ 520,687	\$ 40,028
Transfers	47,539	36,988	42,248	5,260
Other State sources	136,642	47,066	61,840	14,774
Other local sources	8,864	5,565	4,250	(1,315)
<b>Total Revenues</b>	<b>625,740</b>	<b>570,278</b>	<b>629,025</b>	<b>58,747</b>
<b>EXPENDITURES</b>				
Certificated salaries	321,580	277,284	278,756	(1,472)
Classified salaries	116,498	116,498	114,155	2,343
Employee benefits	204,697	165,036	157,721	7,315
Books and supplies	68,190	73,406	44,825	28,581
Services and other operating expenditures	117,600	117,945	103,101	14,844
Other outgo				
Excluding transfers of indirect costs	5,395	17,395	17,669	(274)
<b>Total Expenditures</b>	<b>833,960</b>	<b>767,564</b>	<b>716,227</b>	<b>51,337</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(208,220)</b>	<b>(197,286)</b>	<b>(87,202)</b>	<b>110,084</b>
<b>Fund Balance - Beginning</b>	<b>548,179</b>	<b>548,179</b>	<b>548,179</b>	
<b>Fund Balance - Ending</b>	<b>\$ 339,959</b>	<b>\$ 350,893</b>	<b>\$ 460,977</b>	<b>\$ 110,084</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) FUNDING PROGRESS AND  
 EMPLOYER CONTRIBUTION  
 FOR THE YEAR ENDED JUNE 30, 2013

---

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Liability (ALL) (ALL) - Entry Age (b) Normal	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([(b - a] / c)
May 10, 2010	\$ -	\$ 977,158	\$ 977,158	0%	\$ 3,591,000	27%
September 10, 2011	-	798,781	798,781	0%	3,828,000	21%
February 1, 2014	-	657,990	657,990	0%	4,315,000	15%

<PAGE INTENTIONALLY LEFT BLANK>

---

---

**SUPPLEMENTARY INFORMATION**

---

---

<PAGE INTENTIONALLY LEFT BLANK>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
Federal Impact Aid [1]	84.041	*	\$ 917,211
Passed through California Department of Education (CDE):			
No Child Left Behind (NCLB):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	245,548
Title II, Part A, Teacher Quality	84.367	14341	45,460
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	6,252
Special Ed Cluster: IDEA			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	185,350
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	13,961
<b>Total Special Education Cluster</b>			<b>199,311</b>
<b>Total U. S. Department of Education</b>			<b>1,413,782</b>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch	10.555	13524	250,240
Especially Needy Breakfast	10.553	13526	60,659
Meal Supplements	10.555	13524	32,875
Food Distribution Program	10.558	*	16,114
<b>Total U. S. Department of Agriculture</b>			<b>359,888</b>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Passed through CDE:			
Child Dev: Federal General (CCTR) and State Preschool (CSPP)	93.596	13609	28,373
Good Behaviour Grant (GBG)	93.243	*	106,008
<b>Total U. S. Department of Health &amp; Human Services</b>			<b>134,381</b>
<b>U. S. DEPARTMENT OF DEFENSE:</b>			
Federal Impact Aid [1]	12.558	*	114,582
GREAT Grant	12.556	*	233,016
<b>Total Federal Expenditures</b>			<b>2,255,649</b>

[1] - Major Program

\* - Direct funded or no PCA available

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2014

---

Wheatland Elementary School District:

	Second Period Report	Annual Report
<b>ELEMENTARY</b>		
Kindergarten through third	546	545
Fourth through sixth	363	363
Seventh through eighth	226	224
Extended year special education	1	1
Total Elementary	1,136	1,133

Wheatland Charter Academy

	Second Period Report	Annual Report
<b>REGULAR ELEMENTARY AND HIGH SCHOOL</b>		
Total kindergarten through third	61	62
Total fourth through sixth	24	25
Total Elementary and High School	85	87
Classroom-based kindergarten through third	61	62
Classroom-based fourth through sixth	24	25
Total Classroom-Based Elementary and High School	85	87

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2014

Wheatland Elementary:

Grade Level	1982 - 83 Actual Minutes <sup>1</sup>	Education Code § 46207(a) Minutes' Requirements	Education Code	Current Year Minutes <sup>3</sup>	Current Year Days <sup>4</sup>	Status
			§ 46207(a) Minutes' Requirements (Reduced) <sup>2</sup>			
Kindergarten	31,938	36,000	35,000	58,320	180	Complied
Grade 1	45,063	50,400	49,000	51,120	180	Complied
Grade 2	45,063	50,400	49,000	51,120	180	Complied
Grade 3	45,063	50,400	49,000	51,120	180	Complied
Grade 4	52,500	54,000	52,500	54,720	180	Complied
Grade 5	52,500	54,000	52,500	54,720	180	Complied
Grade 6	52,500	54,000	52,500	61,452	180	Complied
Grade 7	52,500	54,000	52,500	61,452	180	Complied
Grade 8	52,500	54,000	52,500	61,452	180	Complied

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

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

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

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

Wheatland Charter Academy:

Grade Level	1982 - 83 <sup>5</sup> Actual Minutes	Ed. Code § 47612.5 Minutes Requirement	Ed. Code	2014 Actual Minutes	2014 Number of Days	Status
			§ 46201.2 Minutes Requirement Reduced			
Kindergarten	-	36,000	34,971	58,320	180	Complied
Grade 1	-	50,400	48,960	51,120	180	Complied
Grade 2	-	50,400	48,960	51,120	180	Complied
Grade 3	-	50,400	48,960	51,120	180	Complied
Grade 4	-	54,000	52,457	54,720	180	Complied
Grade 5	-	54,000	52,457	54,720	180	Complied
Grade 6	-	54,000	52,457	54,720	180	Complied

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

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014

	2015 (Budget)	2014	2013	2012
<b>GENERAL FUND:</b>				
Revenues	\$ 13,263,256	\$ 12,491,519	\$ 13,941,024	\$ 12,616,283
Expenditures	14,307,631	13,160,597	12,854,059	12,653,970
Other uses and transfers out	31,000	28,864	90,170	1,681,342
Total	14,338,631	13,189,461	12,944,229	14,335,312
<b>INCREASE/(DECREASE)</b>				
IN FUND BALANCE	\$ (1,075,375)	\$ (697,942)	\$ 996,795	\$ (1,719,029)
<b>ENDING FUND BALANCE</b>				
	\$ 10,530,346	11,605,721	12,303,663	11,306,868
<b>AVAILABLE RESERVES<sup>1</sup></b>				
	\$ 5,579,747	\$ 8,840,118	\$ 9,212,182	\$ 598,726
<b>AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO</b>				
	39%	67%	71%	4%
<b>LONG-TERM DEBT</b>				
	N/A	\$ 1,184,879	\$ 796,594	\$ 808,745
<b>AVERAGE DAILY ATTENDANCE AT P-2</b>				
	1,134	1,136	1,089	1,117

The General Fund balance has increased by \$298,853 over the past two years. The fiscal year 2014-15 budget projects a decrease of \$ 1,075,375 (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 2014-15 fiscal year. Total long term obligations have increased by \$376,134 over the past two years.

Average daily attendance has increased by nineteen ADA over the past two years. A decrease by two ADA is anticipated during fiscal year 2014-15.

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Special Reserve for Other Than Capital Outlay	Self- Insurance Fund
<b>FUND BALANCE</b>			
Balance, June 30, 2014,			
Unaudited Actuals:	\$ 8,979,289	\$ 2,626,432	\$ 700,807
Increase in:			
Cash in county	2,622,845	-	-
Accrued receivables	3,587	-	-
Decrease in:			
Cash in county	-	(2,622,845)	-
Accrued receivables	-	(3,587)	-
OPEB liability	-	-	94,622
Audited financial statement	\$ 11,605,721	\$ -	\$ 795,429

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2014

---

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

See accompanying note to supplementary information

**COMBINING STATEMENTS - NON-MAJOR GOVERNMENTAL FUNDS**

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

JUNE 30, 2014

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
<b>ASSETS</b>			
Deposits and investments	\$ 76,230	\$ 100,268	\$ 823,311
Accrued receivables	12,611	88,727	1,126
Stores inventory	-	8,010	-
<b>Total Assets</b>	<b>\$ 88,841</b>	<b>\$ 197,005</b>	<b>\$ 824,437</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 1,903	\$ 547	\$ -
Due to other funds	22,990	24	-
<b>Total Liabilities</b>	<b>24,893</b>	<b>571</b>	<b>-</b>
<b>FUND BALANCES</b>			
Non-spendable	-	8,010	-
Spendable			
Restricted	-	123,230	-
Committed	-	-	824,437
Assigned	63,948	65,194	-
<b>Total Fund Balances</b>	<b>63,948</b>	<b>196,434</b>	<b>824,437</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 88,841</b>	<b>\$ 197,005</b>	<b>\$ 824,437</b>

See accompanying note to supplementary information

---

County School Facilities Fund	Special Reserve for Capital Outlay Fund	Non-Major Governmental Funds
\$ 385,945	\$ 258,200	\$ 1,643,954
528	352	103,344
-	-	8,010
<u>\$ 386,473</u>	<u>\$ 258,552</u>	<u>\$ 1,755,308</u>
\$ 1,748	\$ -	\$ 4,198
-	-	23,014
<u>1,748</u>	<u>-</u>	<u>27,212</u>
-	-	8,010
-	-	123,230
-	-	824,437
384,725	258,552	772,419
<u>384,725</u>	<u>258,552</u>	<u>1,728,096</u>
<u>\$ 386,473</u>	<u>\$ 258,552</u>	<u>\$ 1,755,308</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE  
FOR THE YEAR ENDED JUNE 30, 2014

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
<b>REVENUES</b>			
Local Control Funding Formula ("LCFF") Sources			
Transfers	\$ -	\$ -	\$ 65,170
Federal sources	28,373	359,886	-
Other State sources	304,155	23,770	-
Other local sources	89,318	159,981	5,915
<b>Total Revenues</b>	<b>421,846</b>	<b>543,637</b>	<b>71,085</b>
<b>EXPENDITURES</b>			
Current			
Instruction	320,439	-	-
Instruction-related services			
Instructional supervision and administration	56,833	-	-
Pupil services			
Food services	-	547,821	-
General administration			
All other general administration	30,010	-	-
Plant services	52,313	-	24,717
Facilities acquisition and construction	-	-	-
<b>Total Expenditures</b>	<b>459,595</b>	<b>547,821</b>	<b>24,717</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<b>(37,749)</b>	<b>(4,184)</b>	<b>46,368</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	25,000	3,864	-
Other Sources	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>25,000</b>	<b>3,864</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(12,749)</b>	<b>(320)</b>	<b>46,368</b>
<b>Fund Balance - Beginning</b>	<b>76,697</b>	<b>196,754</b>	<b>778,069</b>
<b>Fund Balance - Ending</b>	<b>\$ 63,948</b>	<b>\$ 196,434</b>	<b>\$ 824,437</b>

See accompanying note to supplementary information

---

County School Facilities Fund	Special Reserve for Capital Outlay Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ 65,170
-	-	388,259
-	-	327,925
3,957	2,366	261,537
<u>3,957</u>	<u>2,366</u>	<u>1,042,891</u>
-	-	320,439
-	-	56,833
-	-	547,821
-	-	30,010
-	126,049	203,079
880,000	-	880,000
<u>880,000</u>	<u>126,049</u>	<u>2,038,182</u>
(876,043)	(123,683)	(995,291)
-	-	28,864
475,993	-	475,993
<u>475,993</u>	<u>-</u>	<u>504,857</u>
(400,050)	(123,683)	(490,434)
784,775	382,235	2,218,530
<u>\$ 384,725</u>	<u>\$ 258,552</u>	<u>\$ 1,728,096</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2014

---

*NOTE 1 – PURPOSE OF SCHEDULES*

**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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

This schedule displays Average Daily Attendance 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 Average Daily Attendance and the Average Daily Attendance generated through classroom-based instruction by grade span, as appropriate; and if there are any Average Daily Attendance adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final Average Daily Attendance after audit finding adjustments.

**C. Schedule of Instructional Time**

This schedule displays, for school districts, including basic aid districts, data that show whether the district complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code; showing by grade level:

- (1) For districts that met or exceeded their local control funding formula 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 subparagraph (a)(6), (a)(7)(A)(1) or (a)(7)(B)(1) of Section 19824 as applicable;
- (2) For districts that did not meet or exceed their local control funding formula 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 subparagraph(a)(7)(C)(1) or subparagraph (a)(7)(D)(1) of Section 19824 as applicable;
- (3) 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;
- (4) 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 reduced instructional minutes and days provisions.

State in a note to the schedule whether the district participated in Longer Day incentives and whether the district met or exceeded its target funding.

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 charter school’s required number of instructional minutes as reduced by Education Code Section 46201.2; 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 reduced instructional minutes and days provisions.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION, Continued JUNE 30, 2014

---

### **D. Schedule of Financial Trends and Analysis**

This schedule displays information regarding the District'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 Average Daily Attendance; and, when the District's percentage of available reserves to total General Fund outgo is below the state-recommended percentage, management's plans for increasing the District's available reserve percentage.

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

This schedule displays 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.

### **F. Schedule of Charter Schools**

This schedule lists all charter schools chartered by the school district or county office of education, and displays information for each charter school on whether or not the charter school is included in the school district or county office of education audit.

### **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.

### **H. Local Education Agency Organization Structure**

This schedule displays a description in the Supplementary Information section that sets forth the following information, at a minimum:

- (1) The date on which the local education agency was established, and for charter schools the date and granting authority of each charter;
- (2) The date and a general description of any change during the year audited in a school district's boundaries;
- (3) The numbers by type of schools in the local education agency;
- (4) The names, titles, terms, and term expiration dates of all members of the governing board;
- (5) The names, with their titles, of the superintendent, chief business official, and deputy/associate/assistant superintendents.

This schedule is located in the front of the report.

<PAGE INTENTIONALLY LEFT BLANK>

---

---

**OTHER INDEPENDENT AUDITOR'S REPORTS**

---

---

<PAGE INTENTIONALLY LEFT BLANK>

**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

I 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, 2014, and the related notes to the financial statements, which collectively comprise Wheatland Elementary School District's basic financial statements, and have issued my report thereon dated November 13, 2014.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my 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, I 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.

My 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 my audit I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

RT DENNIS  
ACCOUNTANCY

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheatland Elementary School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my 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 my 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.

A handwritten signature in black ink that reads "R. J. Dennis Accountancy". The signature is written in a cursive style and is underlined with a large, sweeping flourish.

November 13, 2014

< PAGE INTENTIONALLY LEFT BLANK >

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

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

I have audited the compliance of Wheatland Elementary School District with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Wheatland Elementary School District major federal programs for the year ended June 30, 2014. Wheatland Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of Wheatland Elementary School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Wheatland Elementary School District's compliance with those requirements.

RT DENNIS  
ACCOUNTANCY

## Opinion on Each Major Federal Program

In my opinion Wheatland Elementary School District complied, in all material respects, with the compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## 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 on the previous page. In planning and performing my audit, I considered Wheatland Elementary School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing audit 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 Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



November 13, 2014

<PAGE INTENTIONALLY LEFT BLANK>

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

### *REPORT ON STATE COMPLIANCE*

I have audited Wheatland Elementary School District's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2013-14*, issued by the California Audit Appeals Panel as regulations, applicable to Wheatland Elementary School District's state programs as listed on the next page for the year ended June 30, 2014.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

My responsibility is to express an opinion on Wheatland Elementary School District's compliance based on my audit.

I conducted my 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*, issued by the Education Audit Appeals Panel as regulations. Those standards require that I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Wheatland Elementary School District's compliance with those requirements.

#### **Opinion**

In my opinion, Wheatland Elementary School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted on the next pages that were audited for the year ended June 30, 2014.

RT DENNIS  
ACCOUNTANCY

In connection with the audit referred to above, I 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:

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Instructional Time for school districts	10	Yes
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Not Applicable <sup>1</sup>
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Not Applicable

<sup>1</sup>This program is not applicable due to the District not spending the money for the program as of June 30, 2014.

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance; for charter schools	8	Yes
Mode of Instruction; for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Yes
Charter School Facility Grant Program	1	Not Applicable

**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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*. Accordingly, this report is not suitable for any other purpose.



November 13, 2014

---

---

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

---

---

<PAGE INTENTIONALLY LEFT BLANK>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2014

---

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor's report issued:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

---

There were no Financial Statement Findings for this year

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

---

There were no Federal Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

---

There were no State Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

---

There were no Prior Audit Findings.

<PAGE INTENTIONALLY LEFT BLANK>