

**WHEATLAND
ELEMENTARY
SCHOOL DISTRICT**



**ANNUAL
FINANCIAL
REPORT**

JUNE 30, 2015

WHEATLAND ELEMENTARY SCHOOL DISTRICT

OF YUBA COUNTY

WHEATLAND, CALIFORNIA

JUNE 30, 2015

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Oscar Magana	President	December 2016
Nicole Crabb	Clerk	December 2016
Ronna Eaton	Member	December 2018
Ish Medina	Member	December 2018
Raegean Waltz	Member	December 2018
Colonel Manuel Griego	Beale AFB Liason (non-voting)	NA

ADMINISTRATION

Craig Guensler	Superintendent
Tamara Johnson	Chief Business Official (Retired September 2015)

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.

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Trustees
Wheatland Elementary School District
Wheatland, California

REPORT ON THE FINANCIAL STATEMENTS

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, 2015, 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 2014-15*, 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, 2015, 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, pension information, and OPEB funding progress, on pages 5-18 and 69-73, 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 2014-15*, 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 2014-15*, 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 30, 2015 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 "M. J. Dennis Accountancy". The signature is written in black ink and includes a large, stylized flourish at the bottom.

November 30, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Wheatland Elementary School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ Total net position was \$29.7 million at June 30, 2015. This was an increase of almost \$0.8 million over the restated beginning balance.
- ▶ Overall revenues and special items were \$17.9 million, which was more than expenses of \$17.2 million.
- ▶ The net cost of the District's programs (expenses after program revenues) was \$14.0 million.
- ▶ The general fund reported a decrease in fund balance this year of \$205 thousand.
- ▶ The resources available for appropriation were \$638 thousand more than budgeted for the General Fund. However, we kept expenditures within spending limits.

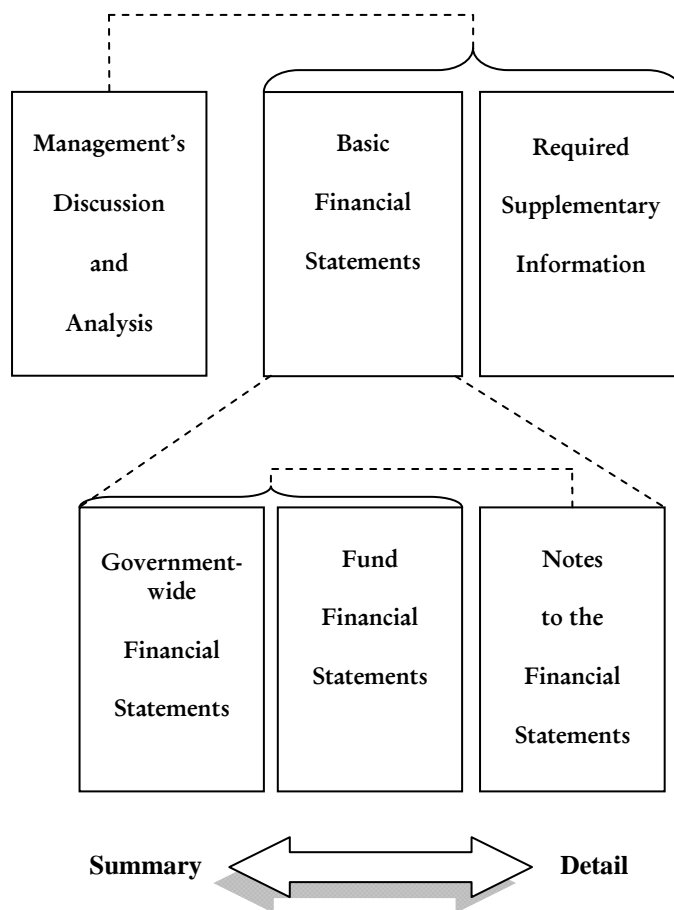
OVERVIEW OF FINANCIAL STATEMENTS

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:

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

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



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

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2015

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

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2015

District-Wide Statements

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2015

- ❖ *Proprietary funds*—Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - We use *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for the District's other programs and activities. The district currently has one internal service fund—the workers' compensation fund.

- ❖ *Fiduciary funds*—The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2015

FINANCIAL ANALYSIS OF THE District AS A WHOLE

Net Position

The District's net position increased between fiscal years 2014 and 2015—increasing to \$29.7 million. (See Table 1.)

Table 1 - Net Position

			Restated		% Change
	<i>(amounts in thousands)</i>		2014	\$ Change	
	2015	2014			
ASSETS					
Current assets	\$ 18,721	\$ 18,696	\$ 25		0%
Capital assets, net	25,548	25,273	275		1%
Total Assets	44,269	43,969	300		1%
DEFERRED OUTFLOWS OF RESOURCES					
	898	777	121		16%
LIABILITIES					
Current liabilities	251	388	(137)		-35%
Non-current liabilities	11,387	15,374	(3,987)		-26%
Total Liabilities	11,638	15,762	(4,124)		-26%
DEFERRED INFLOW OF RESOURCES					
	3,793	-	3,793		n/a
NET POSITION					
Net investment in capital assets	25,575	24,807	768		3%
Restricted	1,885	4,380	(2,495)		-57%
Unrestricted / (Deficit)	2,276	(203)	2,479		-1221%
Total Net Position	\$ 29,736	\$ 28,984	\$ 751		3%

The net position increased three percent to \$29.7 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 almost \$2.3 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:

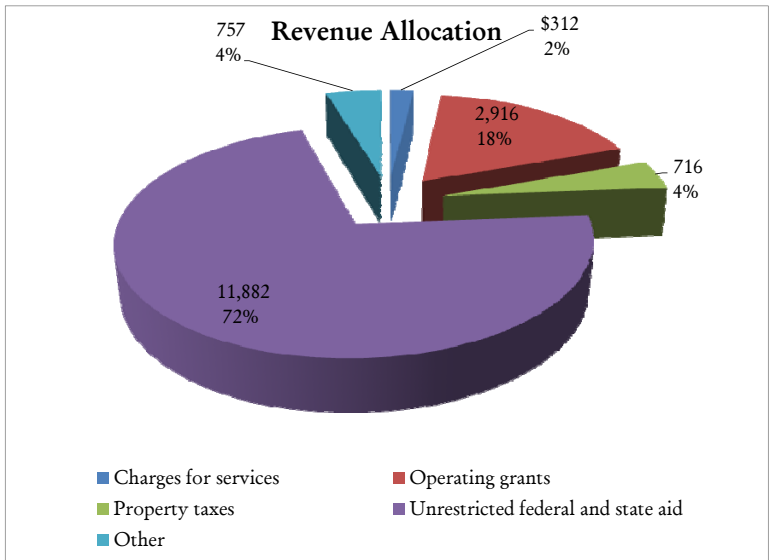
- During the past year, Impact Aid funding continues far below normal amounts
- There were technology upgrades and replacements.
- Also this past year, the District completed one-time site project upgrades of \$357,369

WHEATLAND ELEMENTARY SCHOOL DISTRICT

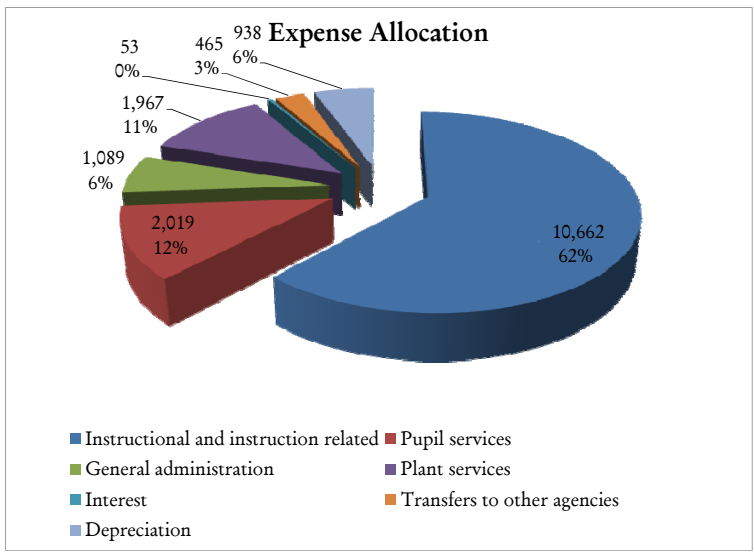
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2015

Changes in Net Position

The District's total revenue increased by 16% to \$16.6 million. (See Table 2.) Almost three-quarters of the District's revenue comes from LCFF, state aid. Eighteen cents of every dollar raised comes from some type of grant. (See Revenue Allocation.) The rest come from fees charged for services, and miscellaneous revenue.



The total cost of all programs and services increased about 1.1 million. The District's expenses cover a range of services, with more than half related to instruction and instruction related. (See Expense Allocation.)



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2015

Governmental Activities

Revenues for the District increased by sixteen percent; while total expenses increased seven percent.

Table 2 - Changes in Net Position

<i>(amounts in thousands)</i>	2015	2014	\$ Change	% Change
REVENUES				
Program revenues				
Charges for services	\$ 312	\$ 326	\$ (14)	-4%
Operating grants	2,916	3,045	(129)	-4%
General revenues				
Property taxes	716	617	99	16%
Unrestricted federal and state aid	11,882	9,444	2,438	26%
Other	757	807	(49)	-6%
Total Revenues	16,583	14,239	2,344	16%
EXPENSES				
Instructional and instruction related	10,662	10,107	555	5%
Pupil services	2,019	1,847	172	9%
General administration	1,089	1,033	56	5%
Plant services	1,967	1,681	286	17%
Interest	53	-	53	n/a
Transfers to other agencies	465	531	(66)	-12%
Depreciation	938	852	86	10%
Total Expenses	17,193	16,051	1,142	7%
Special items	1,360	-	1,360	n/a
Excess (deficiency)	\$ 751	\$ (1,811)	\$ 2,563	141%

Grant revenue lagged, due to the Federal GREAT grant ending in August 2014 and one-time Common Core dollars received in 2013-14. The phase-in of LCFF has also impacted this revenue stream.

Finally, the District received a settlement to the Bear River Lawsuit for faulty construction in the amount of \$1,360,347.60 that was deposited into miscellaneous revenue for purposes of Bear River repairs. This has been reflected in the "special items" category.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2015

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

- The cost of all *governmental* activities this year was \$17.2 million.
- Some of the cost was paid by:
 - Those who directly benefited from the programs (\$312 thousand), or
 - Other governments and organizations that subsidized certain programs with grants and contributions (\$2.9 million).
- The District paid for the \$12.7 million “public benefit” portion with \$14.7 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			
	2015	2014	2015	2014	\$ Change	% Change
<i>(amounts in thousands)</i>						
Instruction	\$ 8,795	\$ 8,333	\$ 7,647	\$ 6,866	781	11%
Instruction related	1,867	1,774	1,779	1,500	279	19%
Student services	2,019	1,847	764	610	154	25%
Plant services	1,967	1,681	1,888	1,590	298	19%
Other	2,545	2,415	1,887	2,114	(227)	-11%
Total	\$ 17,193	\$ 16,051	\$ 13,965	\$ 12,680	\$ 1,285	10%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statement

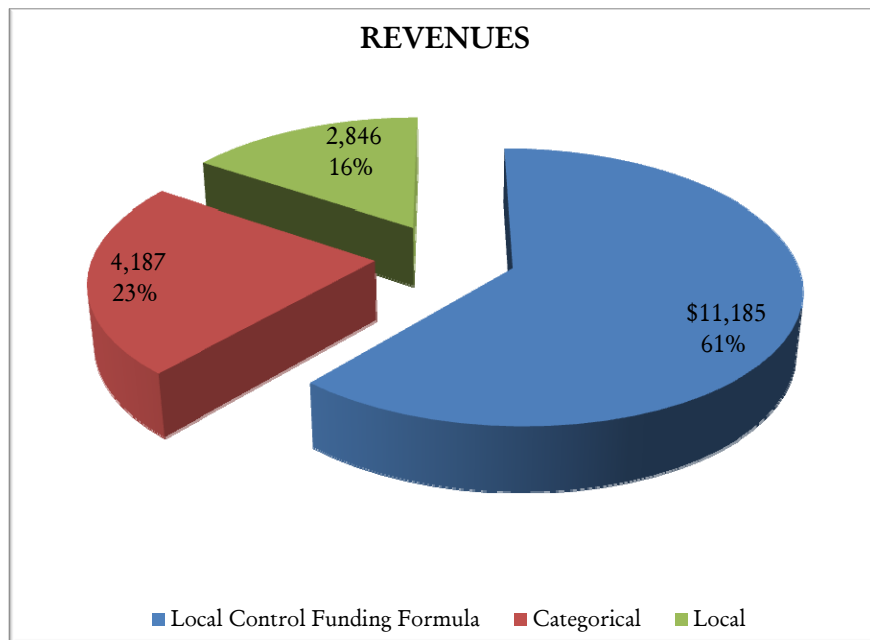
As the District completed the year, its funds reported a *combined* fund balance of \$17.0 million, slightly above last year.

Table 4 - Funds' Performance

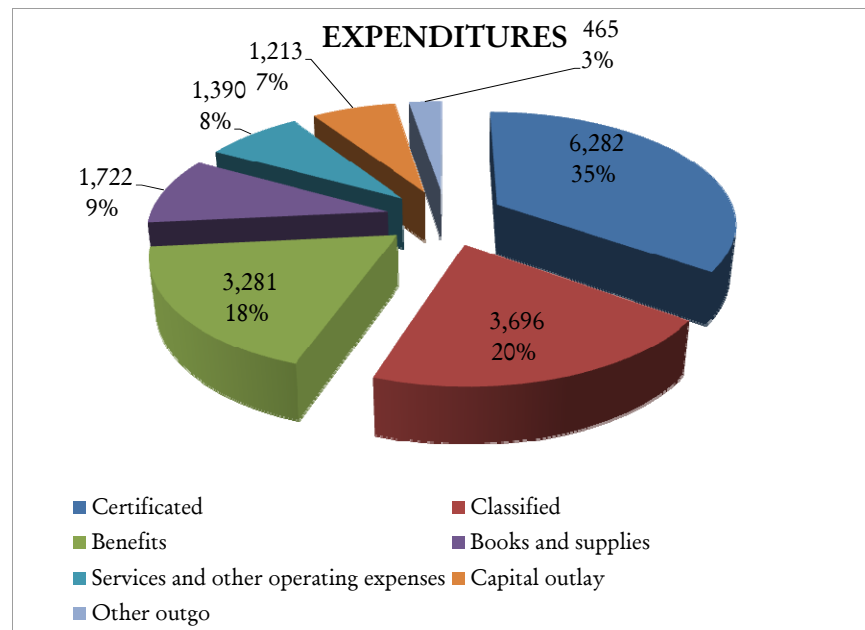
	Governmental Funds				
	(amounts in thousands)	2015	2014	\$ Change	% Change
REVENUES					
Local Control Funding Formula	\$	11,185	\$ 8,824	\$ 2,361	27%
Categorical		4,187	4,004	183	5%
Local		2,846	1,371	1,475	108%
Total Revenues		18,218	14,199	4,019	28%
EXPENDITURES / EXPENSES					
Certificated		6,282	5,990	292	5%
Classified		3,696	3,236	460	14%
Benefits		3,281	2,905	376	13%
Books and supplies		1,722	1,431	291	20%
Services and other operating expenses		1,390	1,111	279	25%
Capital outlay		1,213	956	257	27%
Other outgo		465	541	(76)	-14%
Total Expenditures		18,049	16,170	1,879	12%
Net financing activities		-	476	(476)	n/a
NET CHANGE IN					
FUND BALANCE	\$	169	\$ (1,495)	\$ 1,664	111%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2015



These graphs represent the fund expenditures by object code.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2015

General Fund Budgetary Highlights

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

- Amendments and supplemental appropriations approved in December (1st Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2014).
- 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 the housing demolition and reconstruction project at Beale AFB.

Table 5 - General Fund and Budget Performance

	General Fund Activity			General Fund Budget		
	2015	2014	% Diff.	Original Budget	Final Budget	% Diff.
<i>(amounts in thousands)</i>						
REVENUES						
Local Control Funding Formula	\$ 10,488	\$ 8,196	28%	\$ 10,027	\$ 10,424	4%
Categorical	3,003	3,225	-7%	2,302	2,582	12%
Local	1,203	1,070	12%	956	1,051	10%
Total Revenues	14,694	12,491	18%	13,285	14,057	6%
EXPENDITURES						
Certificated	5,797	5,532	5%	5,775	5,929	3%
Classified	3,010	2,634	14%	2,913	3,027	4%
Benefits	2,920	2,547	15%	2,669	2,736	3%
Supplies and services	2,443	1,954	25%	2,512	3,691	47%
Other	698	494	41%	438	634	45%
Total Expenditures	14,868	13,161	13%	14,307	16,017	12%
Net financing activities	(31)	(29)	7%	(31)	(6)	-81%
NET CHANGE IN FUND BALANCE	\$ (205)	\$ (699)	71%	\$ (1,053)	\$ (1,966)	-87%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$25.6 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) of \$301 thousand over last year.

Table 6 - District's Capital Assets

<i>(amounts in thousands)</i>	2015	2014	\$ Change	% Change
Land and construction in progress	\$ 1,295	\$ 362	\$ 933	258%
Buildings and equipment	35,138	34,859	279	1%
Accumulated depreciation	(10,885)	(9,947)	(938)	9%
Total Capital Assets	\$ 25,548	\$ 25,274	\$ 274	1%

This year's capital asset additions included (\$1.2 million):

- Construction in progress for energy efficiency projects and asphalt paving
- Technology upgrades and surveillance cameras
- HVAC systems
- One truck purchased

Long-Term Liabilities

Due to the implementation of GASB 68, the District restated its 2013-14 liabilities to include the beginning net pension liabilities of both Cal STRS and Cal PERS, which went down this year to \$7.3 million and \$3.0 million, respectively, due to increased contribution rates and improved market performance of the retirement systems investments. The District also had \$1.1 million in OPEB, a lease, and compensated absences—as shown in Table 7. More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Table 7 - District's Long Term Liabilities

<i>(amounts in thousands)</i>	2015	Restated 2014	\$ Change	% Change
Net pension liabilities	10,321	14,220	(3,899)	-27%
Net OPEB	600	658	(58)	-9%
Compensated absences	62	61	1	2%
Capital leases	435	466	(31)	-7%
Less current portion	(31)	(31)	-	n/a
Total Long-term Liabilities	\$ 11,387	\$ 15,374	\$ (3,987)	-26%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2015

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 2015-16 include a 3% on-schedule increase to all certificated, classified, secretarial, confidential, administrative, and management employees. Estimated step and column increases were budgeted for all employees.
- Annual retirement increases in both the STRS and PERS systems are significant through 2020-21. Employer rates will reach an estimated 19.10% and 20.4% at that time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact the 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, 2015

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 17,904,998
Accrued receivables	797,076
Inventory	18,649
Capital assets, not depreciable	1,295,163
Capital assets, depreciable, net	24,252,937
TOTAL ASSETS	44,268,823
DEFERRED OUTFLOWS OF RESOURCES	898,015
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 45,166,838
LIABILITIES	
Accrued liabilities	\$ 219,900
Unearned revenue	38
Long-term liabilities, current portion	31,000
Long-term liabilities, noncurrent portion	11,386,895
Total Liabilities	11,637,833
DEFERRED INFLOWS OF RESOURCES	3,793,252
NET POSITION	
Net investment in capital assets	25,574,934
Restricted for	
Self-insurance	234,300
Capital projects	698,287
Educational programs	952,437
Unrestricted	2,275,795
Total Net Position	29,735,753
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION	\$ 45,166,838

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 8,794,785	\$ 11,917	\$ 1,136,208	\$ (7,646,660)
Instruction-related services				
Instructional supervision and administration	120,376	-	47,804	(72,572)
Instructional library, media, and technology	677,473	18,303	8,415	(650,755)
School site administration	1,069,242	580	12,527	(1,056,135)
Pupil services				
Home-to-school transportation	436,512	-	-	(436,512)
Food services	612,782	169,107	443,879	204
All other pupil services	969,405	19,819	621,713	(327,873)
General administration				
All other general administration	1,088,808	75,669	364,833	(648,306)
Plant services	1,966,975	12,186	67,106	(1,887,683)
Interest on long-term debt	53,197	-	-	(53,197)
Transfer to other agencies	465,205	4,139	213,295	(247,771)
Depreciation (unallocated)	937,787	-	-	(937,787)
Total Governmental Activities	\$ 17,192,547	\$ 311,720	\$ 2,915,780	(13,965,047)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				
Federal and state aid not restricted for specific purposes				
Interest and investment earnings				
Interagency revenues				
Miscellaneous				
Subtotal, General Revenue				
Excess (Deficiency) of Revenues Over Expenses				
 Before Special Item				
 Special item				
CHANGE IN NET POSITION				
Net Position - Beginning (Restated)				
Net Position - Ending				

The accompanying notes are an integral part of these financial statements

GOVERNMENTAL FUNDS BALANCE SHEET

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General Fund	Charter School Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	\$ 11,006,163	\$ 490,325	\$ 283,861
Accrued receivables	589,226	7,067	382
Due from other funds	114,251	1,447	391,992
Stores inventory	-	-	-
Total Assets	\$ 11,709,640	\$ 498,839	\$ 676,235
LIABILITIES			
Accrued liabilities	\$ 201,590	\$ 1,845	\$ 14,751
Due to other funds	107,331	68,588	391,992
Unearned revenue	38	-	-
Total Liabilities	308,959	70,433	406,743
FUND BALANCES			
Non-spendable	13,650	-	-
Spendable			
Restricted	803,230	19,103	-
Committed	-	-	269,492
Assigned	2,621,536	409,303	-
Unassigned	7,962,265	-	-
Total Fund Balances	11,400,681	428,406	269,492
Total Liabilities and Fund Balances	\$ 11,709,640	\$ 498,839	\$ 676,235

The accompanying notes are an integral part of these financial statements

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 76,502	\$ 4,396,781	\$ 178,648	\$ 16,432,280
103	121,570	76,744	795,092
318,508	858,131	3,186	1,687,515
-	-	18,649	18,649
\$ 395,113	\$ 5,376,482	\$ 277,227	\$ 18,933,536
\$ -	\$ -	\$ 1,714	\$ 219,900
360,255	737,334	22,015	1,687,515
-	-	-	38
360,255	737,334	23,729	1,907,453
-	-	18,649	32,299
34,858	663,429	130,104	1,650,724
-	-	-	269,492
-	3,975,719	104,745	7,111,303
-	-	-	7,962,265
34,858	4,639,148	253,498	17,026,083
\$ 395,113	\$ 5,376,482	\$ 277,227	\$ 18,933,536

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balance - Governmental Funds \$ 17,026,083

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	\$ 36,433,071	
	Accumulated depreciation	(10,884,971)	25,548,100

Long-term liabilities:

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

	Net pension liability	10,320,609	
	Compensated absences	62,359	
	Capital leases payable	435,000	(10,817,968)

Deferred outflows and inflows of resources relating to pensions:

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

	Deferred outflows of resources relating to pensions	898,015
	Deferred inflows of resources relating to pensions	(3,793,252)

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:

874,775

Total Net Position - Governmental Activities \$ 29,735,753

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, 2015

	General Fund	Charter School Fund	Deferred Maintenance Fund
REVENUES			
Local Control Funding Formula ("LCFF") Sources	\$ 10,488,241	\$ 631,734	\$ 65,170
Federal sources	1,900,982	-	-
Other State sources	1,102,119	47,497	-
Other local sources	1,202,760	3,804	7,531
Total Revenues	14,694,102	683,035	72,701
EXPENDITURES			
Current			
Instruction	8,366,078	453,890	-
Instruction-related services			
Instructional supervision and administration	67,255	-	-
Instructional library, media, and technology	686,766	-	-
School site administration	974,429	138,191	-
Pupil services			
Home-to-school transportation	423,218	20,000	-
Food services	-	-	-
All other pupil services	986,375	-	-
General administration			
All other general administration	1,076,752	1,922	-
Plant services	1,649,227	67,552	33,032
Transfers to other agencies	446,621	18,584	-
Facilities acquisition and construction	107,337	15,467	202,622
Debt service	84,197	-	-
Total Expenditures	14,868,255	715,606	235,654
Excess (Deficiency) of Revenues Over Expenditures	(174,153)	(32,571)	(162,953)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(30,889)	-	(391,992)
Net Financing Sources (Uses)	(30,889)	-	(391,992)
NET CHANGE IN FUND BALANCE	(205,042)	(32,571)	(554,945)
Fund Balance - Beginning	11,605,723	460,977	824,437
Fund Balance - Ending	\$ 11,400,681	\$ 428,406	\$ 269,492

The accompanying notes are an integral part of these financial statements

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 11,185,145
-	-	432,841	2,333,823
-	221,529	482,354	1,853,499
23,946	1,385,738	222,211	2,845,990
23,946	1,607,267	1,137,406	18,218,457
-	-	393,825	9,213,793
-	-	57,429	124,684
-	-	-	686,766
-	-	-	1,112,620
-	-	-	443,218
-	-	617,047	617,047
-	-	-	986,375
-	-	32,447	1,111,121
301,608	17,779	72,070	2,141,268
-	-	-	465,205
-	737,334	-	1,062,760
-	-	-	84,197
301,608	755,113	1,172,818	18,049,054
(277,662)	852,154	(35,412)	169,403
-	3,528,441	30,889	3,559,330
(2,749,362)	-	(387,087)	(3,559,330)
(2,749,362)	3,528,441	(356,198)	-
(3,027,024)	4,380,595	(391,610)	169,403
3,061,882	258,553	645,108	16,856,680
\$ 34,858	\$ 4,639,148	\$ 253,498	\$ 17,026,083

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, 2015

Net Change in Fund Balances - Governmental Funds \$ 169,403

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:	1,212,538	
Depreciation expense:	(937,787)	274,751

Debt service:

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

31,000

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, 2015

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: (1,470)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 226,997

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: 50,509

Change in net position of Governmental Activities	\$ 751,190
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The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities Internal Service Fund</u>
	<u>Self-Insurance</u>
ASSETS	
Current assets	
Deposits and investments	\$ 1,472,718
Accrued receivables	1,984
Total Assets	\$ 1,474,702
LIABILITIES	
Non-current liabilities, OPEB	\$ 599,927
NET POSITION	
Restricted	234,300
Unrestricted	640,475
Total Net Position	874,775
Total Liabilities and Net Position	\$ 1,474,702

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, 2015

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Insurance</u>
NON-OPERATING REVENUE	
Interest income	\$ 10,838
Other non-operating revenue	39,671
Total non-operating revenues	50,509
CHANGE IN NET POSITION	50,509
Net Position - Beginning	824,266
Net Position - Ending	\$ 874,775

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, 2015

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Insurance</u>
Cash flows to operating activities	
Cash payments to suppliers for goods and services	\$ (39,671)
Cash payments for insurance claims	(18,392)
Net cash used by operating activities	(58,063)
Cash flows from investing activities	
Interest received	6,786
NET DECREASE IN CASH	(51,277)
CASH	
Beginning of year	1,523,995
End of year	\$ 1,472,718
Reconciliation of operating activities	
Decrease in claims liabilities	(58,063)
Net cash used by operating activities	\$ (58,063)

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Beginning Balance	Additions	Deletions	ASB Agency Funds
ASSETS				
Deposits with financial institutions	\$ 99,455	\$ 76,422	\$ 70,484	\$ 105,393
LIABILITIES				
Due to student groups:				
Bear River	48,358	18,136	15,993	\$ 50,501
Wheatland	32,638	22,167	36,078	18,727
Lone Tree	12,344	31,368	16,187	27,525
Wheatland Charter	1,484	1,737	-	3,221
Pre-school	4,631	3,014	2,226	5,419
Total Liabilities	\$ 99,455	\$ 76,422	\$ 70,484	\$ 105,393

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

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

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

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

1 - B. Other Related Entities

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

1 - C. Basis of Presentation

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

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.

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).

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

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).

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

Non-Major Governmental Funds

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

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

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

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.).

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

Proprietary Funds

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

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

Fiduciary Funds

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

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

1 - D. Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Financial Statements

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

JUNE 30, 2015

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, 2015

Operating Revenues and Expenses

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

Interfund Activity

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

1 - E. Assets, Liabilities, and Net Position

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2015, 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, 2015

Capital Assets

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

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

Interfund Balances

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. At June 30, 2015, the General Fund had a balance of \$38 in unearned revenue from federal sources.

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

Pensions

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

Fund Balance

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

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

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

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

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, 2015. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The district-wide financial statements report \$1,885,024 of restricted net position.

Estimates

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

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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

1 - F. New Accounting Pronouncements

In February of 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged.

In June of 2015, the GASB issued the following Statements:

- No.73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.
- No.74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.
- No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- No.76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

These have various effective dates, ranging from reporting periods beginning after June 15, 2015 to fiscal years beginning after June 15, 2017. Earlier application is encouraged for all the above listed statements.

1 - G. Adoption of New GASB Accounting Standards in the Current Year

GASB issued Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

The primary objective of Statement No. 68 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.

The primary objective of Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The effect of these changes restated beginning net position to include the new liabilities and deferred outflows of resources. See Note 14 for more detail.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS

2 - A. Summary of Deposits and Investments

	Governmental Activities	Fiduciary Funds	Total
Cash on hand	\$ 900	\$ -	\$ 900
Deposits in financial institutions	12,750	105,393	118,143
Cash in County	17,891,348	-	17,891,348
Total	\$ 17,904,998	\$ 105,393	\$ 18,010,391

2 - B. Policies and Practices

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

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

2 - C. General Authorizations

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

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%E	None
Commercial Paper— Select Agencies	270 days	25% of the agency's money	"A-1" to "A"
Commercial Paper— Other Agencies	270 days	40% of the agency's money	"A-1" to "A"
Negotiable Certificates of Deposit	5 years	30%	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A"
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"A"
Bank/Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None

2 - D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool. See "Specific Identification" for various maturities of the District's investments.

2 - E. Credit Risk

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

2 - F. Specific Identification

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

2 - G. Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District's bank balances of \$118,753 were insured.

NOTE 3 - ACCRUED RECEIVABLES

Receivables at June 30, 2015, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Deferred Maint. Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Gov. Funds	Self-Insurance	Total Gov. Activities
Federal Government								
Categorical aid	\$ 407,613	\$ -	\$ -	\$ -	\$ -	\$ 57,217	\$ -	\$ 464,830
State Government								
Categorical aid	120,820	6,406	-	-	115,645	16,957	-	259,828
Local Government								
Interest	14,812	661	382	103	5,925	241	1,984	24,108
Other Local Sources	45,981	-	-	-	-	2,329	-	48,310
Total	\$ 589,226	\$ 7,067	\$ 382	\$ 103	\$ 121,570	\$ 76,744	\$ 1,984	\$ 797,076

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance		Balance
	July 01, 2014	Additions	June 30, 2015
Capital assets not being depreciated			
Land	\$ 362,000	\$ -	\$ 362,000
Construction in progress	-	933,163	933,163
Non-Depreciable Capital Assets	\$ 362,000	\$ 933,163	\$ 1,295,163
Capital assets being depreciated			
Buildings & improvements	\$ 33,014,650	\$ 102,763	\$ 33,117,413
Furniture & equipment	1,843,883	176,612	2,020,495
Total Capital Assets Being Depreciated	34,858,533	279,375	35,137,908
Less Accumulated Depreciation			
Buildings & improvements	9,129,464	791,150	9,920,614
Furniture & equipment	817,720	146,637	964,357
Total Accumulated Depreciation	9,947,184	937,787	10,884,971
Depreciable Capital Assets, net	\$ 24,911,349	\$ (658,412)	\$ 24,252,937
Total Capital Assets, net	\$ 25,273,349	\$ 274,751	\$ 25,548,100

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

NOTE 5 – INTERFUND TRANSACTIONS

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

Due To Other Funds	Due From Other Funds						Total
	General Fund	Charter School Fund	Deferred Maint. Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Gov't Funds	
General Fund	\$ -	\$ 1,447	\$ -	\$ -	\$ 105,884	\$ -	\$ 107,331
Charter Schools Special Revenue Fund	68,268	-	-	-	-	320	68,588
Deferred Maintenance Fund	-	-	-	-	391,992	-	391,992
Capital Facilities Fund	-	-	-	-	360,255	-	360,255
Special Reserve Fund for Capital Outlay Projects	26,834	-	391,992	318,508	-	-	737,334
Non-Major Funds	19,149	-	-	-	-	2,866	22,015
Total Due From Other Funds	\$ 114,251	\$ 1,447	\$ 391,992	\$ 318,508	\$ 858,131	\$ 3,186	\$ 1,687,515

Charter School Fund owes the General Fund for operational costs and excess costs in the amount of	\$ 68,268
The Child Development Fund owes the General Fund for various operational costs and indirect costs in the amount of	19,149
The Special Reserve Fund for Capital Outlay owes the General Fund for Prop. 39 expenditures	26,834
The General Fund owes the Charter School Fund for In-Lieu of property taxes in the amount of	1,447
The Special Reserve Fund for Capital Outlay owes the Deferred Maintenance Fund for Prop. 39 expenditures in the amount of	391,992
The Special Reserve Fund for Capital Outlay owes the Capital Facilities Fund for Prop. 39 expenditures in the amount of	318,508
The General Fund owes the Special Reserve Fund for Capital Outlay for Prop. 39 revenue in the amount of	105,884
The Deferred Maintenance Fund owes the Special Reserve Fund for Capital Outlay for interest and revenue in the amount of	391,992
The Capital Facilities Fund owes the Special Reserve Fund for Capital Outlay for interest and revenue in the amount of	360,255
The Charter School Fund owes the cost of breakfasts provided in the amount of	320
The Child Development Fund owes the cost of breakfasts provided in the amount of	2,866
Total	\$ 1,687,515

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

5 - B. Operating Transfers

Transfer To Other Funds	Interfund Transfers In		
	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 30,889	\$ 30,889
Deferred Maintenance Fund	391,992	-	391,992
Capital Facilities Fund	2,749,362	-	2,749,362
Non-Major Funds	387,087	-	387,087
Total Interfund Transfers Out	\$ 3,528,441	\$ 30,889	\$ 3,559,330

The General Fund transferred to the Child Development Fund for operational support in the amount of	\$ 25,000
The General Fund transferred to the Cafeteria Fund for operational support in the amount of	5,889
The Deferred Maintenance Fund, Capital Facilities Fund and County School Facilities Fund transferred to the Special Reserve for Capital Outlay for Prop. 39 clean energy projects in the amount of	3,528,441
Total	\$ 3,559,330

NOTE 6 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2015, consisted of the following:

	General Fund	Charter School Fund	Deferred Maint. Fund	Non-Major Gov. Funds	Total Gov. Activities
Payroll	\$ 3,325	\$ -	\$ -	\$ -	\$ 3,325
LCFF adjustment for property tax	20,555	1,494	-	-	22,049
Construction	-	-	9,785	-	9,785
Vendors payable	53,217	351	4,966	1,714	60,248
Yuba and Sutter COE payables	124,493	-	-	-	124,493
Total	\$ 201,590	\$ 1,845	\$ 14,751	\$ 1,714	\$ 219,900

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

NOTE 7 - LONG-TERM DEBT

7 - A. Long-Term Debt Summary

	Restated Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015	Balance Due In One Year	Long-Term Balance
Capital leases	\$ 466,000	\$ -	\$ 31,000	\$ 435,000	\$ 31,000	\$ 404,000
Net pension liabilities ("NPL")						
Cal STRS	9,570,298	4,407,523	6,697,345	7,280,476	-	7,280,476
Cal PERS	4,649,646	2,553,064	4,162,577	3,040,133	-	3,040,133
Total NPL	14,219,944	6,960,587	10,859,922	10,320,609	-	10,320,609
Net OPEB obligations	657,990	-	58,063	599,927	-	599,927
Compensated absences	60,889	1,470	-	62,359	-	62,359
Total	\$ 15,404,823	\$ 6,962,057	\$ 10,948,985	\$ 11,417,895	\$ 31,000	\$ 11,386,895

7 - B. Capital leases

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

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

Year Ending June 30,	Estimated Lease Payment	Maximum Lease Payment
2016	\$ 61,000	\$ 67,244
2017	61,000	66,909
2018	61,000	66,576
2019	61,000	66,245
2020	334,000	317,635
Total payments	578,000	\$ 584,609
Less: Amount representing interest	143,000	
Present value of minimum lease payments	\$ 435,000	

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2015

7 - C. Net Pension Liability

The District follows GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. The District's prior year contributions of \$455,445 to Cal STRS and \$321,656 to Cal PERS, are used to calculate the current liability, which at June 30, 2015 was a total of \$10,320,609. See Note 10 for additional information regarding the net pension liability and pension benefit plans.

7 - D. 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, 2015, was a reduction of \$58,063 and contributions made by the District during the year were \$18,392, which resulted in a net OPEB obligation of \$599,927. See Note 11 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

7 - E. Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to \$62,359.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

NOTE 8 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Deferred Maint. Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Gov. Funds	Total Gov. Funds
Non-spendable							
Non-restricted							
Reserve for revolving cash	\$ 13,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,650
Reserve for stores inventory	-	-	-	-	-	18,649	18,649
Total Nonspendable	13,650	-	-	-	-	18,649	32,299
Spendable							
Restricted							
Educational programs							
Federal	-	-	-	-	-	114,419	114,419
State	160,554	19,103	-	-	663,429	-	843,086
Local	642,676	-	-	-	-	15,685	658,361
Capital facilities	-	-	-	34,858	-	-	34,858
Total Restricted	803,230	19,103	-	34,858	663,429	130,104	1,650,724
Committed							
Deferred maintenance	-	-	269,492	-	-	-	269,492
Assigned							
Salaries	1,103,895	-	-	-	-	22,577	1,126,472
Vacation payouts	62,359	-	-	-	-	-	62,359
School Site Carryovers	395,451	-	-	-	-	-	395,451
Lottery	1,059,831	16,784	-	-	-	-	1,076,615
Facility acquisition	-	250,000	-	-	-	-	250,000
Equipment	-	-	-	-	-	30,000	30,000
Charter school fund	-	142,519	-	-	-	-	142,519
Child development	-	-	-	-	-	38,570	38,570
Cafeteria	-	-	-	-	-	13,598	13,598
Capital projects	-	-	-	-	3,975,719	-	3,975,719
Total Assigned	2,621,536	409,303	-	-	3,975,719	104,745	7,111,303
Unassigned							
Reserve for economic uncertainties	875,837	-	-	-	-	-	875,837
Unassigned	7,086,428	-	-	-	-	-	7,086,428
Total Unassigned	7,962,265	-	-	-	-	-	7,962,265
Total	\$ 11,400,681	\$ 428,406	\$ 269,492	\$ 34,858	\$ 4,639,148	\$ 253,498	\$ 17,026,083

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, 2015

NOTE 9 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2015, 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>
Deferred Maintenance Fund	\$ 249,345	\$ 627,646	\$ (378,301)
Capital Facilities Fund	\$ 300,159	\$ 3,050,970	\$ (2,750,811)
Special Reserve Fund for Capital Outlay Projects	\$ 60,000	\$ 755,113	\$ (695,113)

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

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

10 - A.I Plan description. The State Teachers' Retirement Plan ("STRP") is a multiple-employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

10 - A.III Plan Contribution

		FY 2014-15 Rate	Ultimate Rate	Equivalent Rate ¹
EC § 22901 & § 22901.7	Members	8.15% / 8.15%	10.25% / 9.205%	9.654%
EC § 22950 & § 22951	Employers Employers -	8.25%	8.25%	8.250%
EC § 22950.5(a)	Supplemental ²	0.63%	10.85%	8.662%
EC § 22950(c)	Employers for THBF ³	0.00%	<i>as needed</i>	0.000%
EC § 22955.1(a)	State ⁴	2.017%	2.017%	1.868%
EC § 22955.1(b)	State - Supplemental	1.437%	4.311%	3.794%
Equivalent Level Contribution Rate through June 30, 2046				32.228%

¹ Equivalent level contribution rate payable through June 30, 2046.

² Graded increases per schedule defined in the Education Code. The ultimate contribution will vary depending on the funded status. For purposes of this exhibit, it is assumed the ultimate rate specified in the graded schedule will not change in the future.

³ The Teachers' Health Benefit Fund is financed by a redirection of employer contributions. The Teachers' Retirement Board has set aside DB Program assets to finance these future costs. This is reflected in the valuation by adding the unfunded obligation for future THBF benefits to the Actuarial Obligation of the DB Program.

⁴ The State's contribution of 2.017% is paid quarterly based on second prior fiscal year salaries.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,280,476
State's proportionate share of the net pension liability associated with the District	2,755,282
Total	\$ 10,035,758

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's proportionate share of total CalSTRS calculated employer contributions, including the State. At June 30, 2014, the District's proportion was 0.012%.

The components of the net pension liability of the STRP as of June 30, 2014 and 2013, are as follows:

	<i>(amounts in millions)</i>	2014	2013
Total pension liability		\$ 248,911	\$237,786
Less: STRP fiduciary net position		190,474	166,348
Net pension liability of employers and the state		<u>\$ 58,437</u>	<u>\$ 71,438</u>

For the year ended June 30, 2015, the District recognized pension expense of \$532,851 and revenue of \$325,229 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,792,809
Changes in proportion and differences between District contributions and proportionate share of contributions	-	574,418
District contributions subsequent to the measurement date	532,589	-
Total	\$ 532,589	\$ 2,367,227

\$532,589 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 16, 2016	\$ 448,202	\$ 95,736
2017	448,202	95,736
2018	448,202	95,736
2019	448,203	95,736
2020 - 2021	-	191,474
	<u>\$ 1,792,809</u>	<u>\$ 574,418</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

10 - A.IV(1) **Actuarial assumptions.** The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Discount rate	7.60 %
Investment rate of return	7.60 %, net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.50 % assumed investment rate of return for funding purposes, which is net of administrative expenses.
Consumer price inflation	3.00%
Wage growth	3.75%
Post-retirement benefit increases	2.00% simple for DB Not applicable for DBS/CBB

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

Time-Weighted Performance Returns

Asset Class	Actual				
	Allocation as of June 30, 2014	1 Yr	3 Yr	5 Yr	10 Yr
Global Equity	57.3 %	24.73 %	13.0 %	16.8 %	8.3 %
Fixed Income	15.5 %	5.8 %	4.6 %	6.3 %	5.5 %
Real Estate	11.7 %	14.5 %	12.6 %	8.0 %	7.4 %
Private Equity	11.5 %	19.6 %	13.0 %	16.6 %	13.8 %
Cash/Liquidity	2.5 %	0.6 %	2.4 %	5.6 %	2.0 %
Inflation Sensitive	0.7 %	10.5 %	5.8 %	-	-
Absolute Return	0.8 %	0.1 %	0.3 %	0.0 %	-
Total	100.0 %	18.7 %	11.2 %	13.7 %	7.7%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

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

10 - A.IV(3) **Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Discount Rates		
	-1% (6.50%)	(7.50%)	+ 1% (8.50%)
Plan's net pension liability	\$ 9,341,253	\$ 7,280,476	\$ 5,616,157

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

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

10 - B.I Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the CalPERS.

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

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

10 - B.III Contributions. § 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 6.974 percent of annual pay, and the employer's contribution rate is 11.442 percent of annual payroll. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

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

At June 30, 2015, the District reported a liability of \$3,040,133 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.027%. For the year ended June 30, 2015, the District recognized pension expense of \$138,167. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,044,624
Changes in proportion and differences between District contributions and proportionate share of contributions	-	381,401
District contributions subsequent to the measurement date	365,426	-
Total	\$ 365,426	\$ 1,426,025

\$365,426 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 16, 2016	\$ 261,156	\$ 131,517
2017	261,156	131,517
2018	261,156	118,367
2019	261,156	-
Deferred Inflows of Resources Amortization	\$ 1,044,624	\$ 381,401

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2015

10 - **B.IV(1) Actuarial assumptions.** For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection allowance Floor on Purchasing Power applies, 2.75% thereafter

¹The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
	100%		

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

10 - B.IV(2) Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

10 - B.IV(3) Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	Discount Rates		
	-1% (6.50%)	(7.50%)	+1% (8.50%)
Plan's net pension liability \$	5,333,087	\$ 3,040,133	\$ 1,124,139

10 - B.IV(4) Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2014.pdf>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2015

NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN AND OTHER POST EMPLOYMENT BENEFITS (OPEB)

11 - 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 or 5 years	To age 65 or 5 years	To age 65 or 5 years
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	\$400 of medical premium	\$400 of medical premium	\$400 of medical premium

11 - 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 2015, the District contributed \$18,392 to the Plan, all of which was used for current premiums.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

11 - 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		31,255
Adjustment to annual required contribution		(90,760)
<u>Annual OPEB cost (expense)</u>		<u>(39,671)</u>
Contributions made		(18,392)
Decrease in net OPEB obligation		(58,063)
Net OPEB obligation, beginning of the year		657,990
Net OPEB obligation, end of the year	\$	599,927

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

<u>Fiscal Year</u>	<u>Annual OPEB COST</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2013	39,890	100%	729,834
2014	25,675	100%	657,990
2015	18,392	100%	599,927

11 - D. Funded Status and Funding Progress

As of June 30, 2015, 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.

11 - 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 12 – COMMITMENTS AND CONTINGENCIES

12 - 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, 2015.

12 - 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, 2015.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2015

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, 2015, the District made the following payments to each JPA:

<u>Joint Powers Authority</u>	<u>2015 Payments</u>
NVSIG	\$ 184,870
TCSIG	64,641
CVT	2,022,484
SPURR	21,115

NOTE 14 – RESTATEMENT

Due to the implementation of GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, the prior period adjustments of net position consist of the following:

	<u>Governmental Activities</u>
Net Position, June 30, 2014	\$ 42,427,406
Increase in:	
Deferred outflows of resources	777,101
Net pension liabilities	(14,219,944)
<u>Restated Net Position Balance</u>	<u>\$ 28,984,563</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
State aid	\$ 9,518,992	\$ 9,913,076	\$ 9,886,429	\$ (26,647)
Local sources	616,503	616,503	716,031	99,528
Transfers	(108,521)	(105,657)	(114,219)	(8,562)
Federal sources	1,608,188	1,800,562	1,900,982	100,420
Other State sources	693,760	781,219	1,102,119	320,900
Other local sources	956,278	1,050,594	1,202,760	152,166
Total Revenues	13,285,200	14,056,297	14,694,102	637,805
EXPENDITURES				
Certificated salaries	5,775,453	5,928,996	5,797,454	131,542
Classified salaries	2,913,306	3,027,147	3,010,063	17,084
Employee benefits	2,668,812	2,736,362	2,919,552	(183,190)
Books and supplies	1,321,486	1,959,340	1,296,754	662,586
Services and other operating expenditures	1,190,650	1,731,224	1,146,309	584,915
Capital outlay	-	106,512	283,949	(177,437)
Other outgo				
Excluding transfers of indirect costs	464,294	554,012	446,621	107,391
Transfers of indirect costs	(26,369)	(26,369)	(32,447)	6,078
Total Expenditures	14,307,632	16,017,224	14,868,255	1,148,969
Excess (Deficiency) of Revenues				
Over Expenditures	(1,022,432)	(1,960,927)	(174,153)	1,786,774
Other Financing Sources (Uses):				
Transfers Out	(31,000)	(6,000)	(30,889)	(24,889)
NET CHANGE IN FUND BALANCE	(1,053,432)	(1,966,927)	(205,042)	1,761,885
Fund Balance - Beginning	11,605,723	11,605,723	11,605,723	
Fund Balance - Ending	\$ 10,552,291	\$ 9,638,796	\$ 11,400,681	\$ 1,761,885

WHEATLAND ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL FUND - BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local Control Funding Formula ("LCFF") Sources				
State aid	\$ 647,069	\$ 568,106	\$ 583,259	\$ 15,153
Transfers	42,906	40,487	48,475	7,988
Other State sources	16,068	20,001	47,497	27,496
Other local sources	4,811	4,811	3,804	(1,007)
Total Revenues	710,854	633,405	683,035	49,630
EXPENDITURES				
Certificated salaries	291,072	289,672	285,574	4,098
Classified salaries	107,482	110,648	104,390	6,258
Employee benefits	173,595	156,705	145,890	10,815
Books and supplies	44,218	38,693	37,320	1,373
Services and other operating expenditures	120,200	117,200	108,381	8,819
Other outgo				
Excluding transfers of indirect costs	19,000	19,000	18,584	416
Total Expenditures	755,567	731,918	715,606	16,312
NET CHANGE IN FUND BALANCE	(44,713)	(98,513)	(32,571)	65,942
Fund Balance - Beginning	460,977	460,977	460,977	
Fund Balance - Ending	\$ 416,264	\$ 362,464	\$ 428,406	\$ 65,942

WHEATLAND ELEMENTARY SCHOOL DISTRICT

DEFERRED MAINTENANCE FUND - BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variances - Positive / (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local Control Funding				
Formula ("LCFF") Sources				
Transfers	\$ 65,170	\$ 65,170	\$ 65,170	\$ -
Other State sources	-	-	-	-
Other local sources	6,385	6,385	7,531	1,146
Total Revenues	71,555	71,555	72,701	1,146
EXPENDITURES				
Books and supplies	-	-	11,713	(11,713)
Services and other operating expenditures	91,345	91,345	21,319	70,026
Capital outlay	-	158,000	202,622	(44,622)
Total Expenditures	91,345	249,345	235,654	13,691
Excess (Deficiency) of Revenues				
Over Expenditures	(19,790)	(177,790)	(162,953)	14,837
Other Financing Uses:				
Transfers Out	-	-	(391,992)	(391,992)
NET CHANGE IN FUND BALANCE	(19,790)	(177,790)	(554,945)	(377,155)
Fund Balance - Beginning	824,437	824,437	824,437	
Fund Balance - Ending	\$ 804,647	\$ 646,647	\$ 269,492	\$ (377,155)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF PENSION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

Cal STRS	June 30, 2014
District's proportion of the net pension liability (asset)	0.012%
District's proportionate share of the net pension liability (asset)	\$ 7,280,476
District's covered-employee payroll	\$ 5,500,364
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	132%
Plan fiduciary net position as a percentage of the total pension liability	77%

Cal PERS	June 30, 2014
District's proportion of the net pension liability (asset)	0.027%
District's proportionate share of the net pension liability (asset)	\$ 3,040,133
District's covered-employee payroll	\$ 2,817,401
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108%
Plan fiduciary net position as a percentage of the total pension liability	83%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) FUNDING PROGRESS AND
 EMPLOYER CONTRIBUTION
 FOR THE YEAR ENDED JUNE 30, 2015

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%

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SUPPLEMENTARY INFORMATION

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Federal Impact Aid [1]	84.041	*	\$ 1,029,376
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	282,272
Title II, Part A, Teacher Quality	84.367	14341	71,385
Title III, Immigrant Education Program	84.365	15146	3,631
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	8,431
Special Ed Cluster: IDEA			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	225,251
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	15,160
Total Special Education Cluster			240,411
Total U. S. Department of Education			1,635,506
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch [1]	10.555	13524	258,618
Especially Needy Breakfast [1]	10.553	13526	75,713
Meal Supplements [1]	10.555	13524	35,734
Food Distribution Program [1]	10.558	*	37,658
Total U. S. Department of Agriculture			407,723
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through CDE:			
Child Dev: Federal General (CCTR) and State Preschool (CSPP)	93.596	13609	25,118
Good Behaviour Grant (GBG)	93.243	*	108,753
Medi-Cal Administrative Activities (MAA)	93.778	10060	56,969
Total U. S. Department of Health & Human Services			190,840
U. S. DEPARTMENT OF DEFENSE:			
Federal Impact Aid [1]	12.558	*	73,779
GREAT Grant	12.556	*	25,975
Total Federal Expenditures			\$ 2,333,823

[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, 2015

Wheatland Elementary School District:

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten through third	588	586
Fourth through sixth	358	355
Seventh through eighth	253	252
Extended year and nonpublic special education	2	1
Total Elementary ADA	1,201	1,194

Wheatland Charter Academy

	Second Period Report	Annual Report
REGULAR ELEMENTARY		
Total kindergarten through third	66	67
Total fourth through sixth	22	22
Extended year and nonpublic special education	0	0
Total Elementary ADA	88	89
Classroom-based kindergarten through third	66	67
Classroom-based fourth through sixth	22	22
Classroom-based extended year and nonpublic special education	0	0
Total Classroom-Based Elementary ADA	88	89

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015

Wheatland Elementary:

<u>Grade Level</u>	<u>1982 - 83 Actual Minutes¹</u>	<u>Education Code § 46207(a) Minutes' Requirements</u>	<u>Education Code § 46207(a) Minutes' Requirements (Reduced)²</u>	<u>Current Year Minutes³</u>	<u>Current Year Days⁴</u>	<u>Status</u>
Kindergarten	31,938	36,000	35,000	52,020	180	Complied
Grade 1	45,063	50,400	49,000	52,020	180	Complied
Grade 2	45,063	50,400	49,000	52,020	180	Complied
Grade 3	45,063	50,400	49,000	52,020	180	Complied
Grade 4	52,500	54,000	52,500	55,790	180	Complied
Grade 5	52,500	54,000	52,500	55,790	180	Complied
Grade 6	52,500	54,000	52,500	56,664	180	Complied
Grade 7	52,500	54,000	52,500	56,664	180	Complied
Grade 8	52,500	54,000	52,500	56,664	180	Complied

¹ Shown for historical purposes

² District did NOT meet its LCFF funding target

³ District participated in Longer Instructional Day

⁴ District participated in Longer Instructional Year

Wheatland Charter Academy:

<u>Grade Level</u>	<u>1982 - 83⁵ Actual Minutes</u>	<u>Ed. Code § 47612.5 Minutes Requirement</u>	<u>Ed. Code § 46201.2 Minutes Requirement Reduced</u>	<u>2015 Actual Minutes</u>	<u>2015 Number of Days</u>	<u>Status</u>
Kindergarten	-	36,000	34,971	53,820	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

⁵ 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, 2015

	2016 (Budget)	2015	2014	2013
GENERAL FUND:				
Revenues	\$ 13,263,256	\$ 14,694,102	\$ 12,491,519	\$ 13,941,024
Expenditures	14,307,631	14,868,255	13,160,597	12,854,059
Other uses and transfers out	31,000	30,889	28,864	90,170
Total	14,338,631	14,899,144	13,189,461	12,944,229
INCREASE/(DECREASE)				
IN FUND BALANCE	\$ (1,075,375)	\$ (205,042)	\$ (697,942)	\$ 996,795
ENDING FUND BALANCE				
	\$ 10,325,306	11,400,681	11,605,721	12,303,663
AVAILABLE RESERVES¹				
	\$ 5,579,747	\$ 7,962,265	\$ 8,840,118	\$ 9,212,182
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO				
	39%	53%	67%	71%
LONG-TERM DEBT				
	N/A	\$ 11,417,895	\$ 1,184,879	\$ 796,594
AVERAGE DAILY ATTENDANCE AT P-2				
	1,197	1,201	1,136	1,089

The General Fund balance has decreased by \$902,982 over the past two years. The fiscal year 2015-16 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 2015-16 fiscal year. Total long term obligations have increased by \$10,621,301 over the past two years.

Average daily attendance has increased by 112 ADA over the past two years. A decrease of four ADA is anticipated during fiscal year 2015-16.

¹ Available reserves consist of all unassigned fund balance within the General Fund

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

FUND BALANCE / NET POSITION	General Fund	Special Reserve for Other Than Capital Outlay	Self- Insurance Fund
Balance, June 30, 2015,			
Unaudited Actuals:	\$ 8,754,967	\$ 2,645,714	\$ 816,712
Increase in:			
Cash in county	2,642,154	-	-
Accrued receivables	3,560	-	-
Decrease in:			
Cash in county	-	(2,642,154)	-
Accrued receivables	-	(3,560)	-
OPEB liability	-	-	58,063
Audited financial statement	\$ 11,400,681	\$ -	\$ 874,775

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

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

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 JUNE 30, 2015

	Child Development Fund	Cafeteria Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 63,474	\$ 115,174	\$ 178,648
Accrued receivables	12,796	63,948	76,744
Due from other funds	-	3,186	3,186
Stores inventory	-	18,649	18,649
Total Assets	\$ 76,270	\$ 200,957	\$ 277,227
LIABILITIES			
Accrued liabilities	\$ -	\$ 1,714	\$ 1,714
Due to other funds	22,015	-	22,015
Total Liabilities	22,015	1,714	23,729
FUND BALANCES			
Non-spendable	-	18,649	18,649
Spendable			
Restricted	15,685	114,419	130,104
Assigned	38,570	66,175	104,745
Total Fund Balances	54,255	199,243	253,498
Total Liabilities and Fund Balances	\$ 76,270	\$ 200,957	\$ 277,227

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Non-Major Governmental Funds
REVENUES				
Federal sources	\$ 25,118	\$ 407,723	\$ -	\$ 432,841
Other State sources	454,418	27,936	-	482,354
Other local sources	41,542	178,308	2,361	222,211
Total Revenues	521,078	613,967	2,361	1,137,406
EXPENDITURES				
Current				
Instruction	393,825	-	-	393,825
Instruction-related services				
Instructional supervision and administration	57,429	-	-	57,429
Pupil services				
Food services	-	617,047	-	617,047
General administration				
All other general administration	32,447	-	-	32,447
Plant services	72,070	-	-	72,070
Total Expenditures	555,771	617,047	-	1,172,818
Excess (Deficiency) of Revenues				
Over Expenditures	(34,693)	(3,080)	2,361	(35,412)
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	5,889	-	30,889
Transfers Out	-	-	(387,087)	(387,087)
Net Financing Sources (Uses)	25,000	5,889	(387,087)	(356,198)
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	63,948	196,434	384,726	645,108
Fund Balance - Ending	\$ 54,255	\$ 199,243	\$ -	\$ 253,498

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2015

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, 2015

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.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Wheatland Elementary School District
Wheatland, California

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, 2015, 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 November 30, 2015.

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 30, 2015

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**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, 2015. 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, 2015.

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 30, 2015

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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 2014-15*, 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, 2015.

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 2014-15*, 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, 2015.

RT DENNIS
ACCOUNTANCY

In connection with the audit referred to previously, 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:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
A. Attendance	Yes
B. Teacher Certification And Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Not Applicable
E. Continuation Education	Not Applicable
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio Of Administrative Employees To Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	Not Applicable
N. Middle Or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance Of Effort	Yes
Q. Regional Occupational Centers Or Programs Maintenance Of Effort	Not Applicable
R. Adult Education Maintenance Of Effort	Not Applicable

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices Of Education, And Charter Schools	
S. California Clean Energy Jobs Act	Yes
T. After School Education And Safety Program	Yes
U. Proper Expenditure Of Education Protection Account Funds	Yes
V. Common Core Implementation Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control And Accountability Plan	Yes
Charter Schools	
Y. Attendance	Yes
Z. Mode Of Instruction	Not Applicable
AA. Nonclassroom-Based Instruction/Independent Study For Charter Schools	Not Applicable
BB. Determination Of Funding For Nonclassroom-Based Instruction	Not Applicable
CC. Annual Instructional Minutes - Classroom Based	Yes
DD. Charter School Facility Grant Program	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 2014-15*. Accordingly, this report is not suitable for any other purpose.



November 30, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor's report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 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>
<u>84.041 & 12.558</u>	<u>Federal Impact Aid</u>
<u>10.553, 10.555, & 10.558</u>	<u>Child Nutrition Cluster</u>

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>Unmodified</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

There were no Federal Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

There were no State Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

There were no Prior Audit Findings.

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