



Annual Financial Statements
June 30, 2019

Washington Unified School District

WASHINGTON UNIFIED SCHOOL DISTRICT

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JUNE 30, 2019

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WASHINGTON UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Washington Unified School District
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Unified School District, as of June 30, 2019, 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 management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 68, schedule of changes in the District's total OPEB liability and related ratios on page 69, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 70, schedule of the District's proportionate share of the net pension liability on page 71, and the schedule of District contributions on page 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information 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 our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019, on our consideration of the Washington Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washington Unified School District's 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 Washington Unified School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fresno, California
December 15, 2019



This section of Washington Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The District was formed on July 1, 2011, from the unification of the American Union Elementary School District, the Washington Union High School District and the West Fresno Elementary School District. This is the seventh year of financial operations for the unified district.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities separately. These statements include all assets of the District (including capital assets) and deferred outflows, as well as all liabilities (including long-term obligations) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

The *Fiduciary Funds* are trust and agency funds. Trust funds focus reporting on net position and changes in net position, and agency funds report only a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Washington Unified School District.

Board of Trustees

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities and scholarships. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position* and in the *Statement of Changes in Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

The District's financial status continues to display itself as a regular operating school district during the 2018-2019 fiscal year. Prudent budgeting techniques and strategic planning help the District maximize supplemental funds. Staffing patterns continue to be reviewed as the District addresses student program needs and efficiency with the focus on student achievement.

The District maintained the required three percent reserves and had a surplus of \$954,736 (excluding activity related to the consolidation of the Special Reserve Non-Capital Fund as required by GASB Statement No. 54). The ending General Fund balance for 2018-2019 is \$3,339,277. This includes a 7.8 percent unrestricted reserve for the district, which is an increase of 2.3 percent from prior year. Maintaining reserves above the required three percent is very important to the District and has allowed the District to continue to meet its cash-flow needs.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$(6,268,046) for the fiscal year ended June 30, 2019. Of this amount, \$2,218,047 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities		
	2019	2018	Variance
Assets			
Current and other assets	\$ 13,340,291	\$ 14,634,780	\$ (1,294,489)
Capital assets	52,070,554	48,327,093	3,743,461
Total Assets	<u>65,410,845</u>	<u>62,961,873</u>	<u>2,448,972</u>
Deferred Outflows of Resources	<u>8,472,390</u>	<u>8,736,727</u>	<u>(264,337)</u>
Liabilities			
Current liabilities	3,556,018	2,976,917	579,101
Long-term obligations	43,981,852	43,366,620	615,232
Net pension liability	30,255,460	29,536,978	718,482
Total Liabilities	<u>77,793,330</u>	<u>75,880,515</u>	<u>1,194,333</u>
Deferred Inflows of Resources	<u>2,357,951</u>	<u>2,473,975</u>	<u>(116,024)</u>
Net Position			
Net investment in capital assets	23,638,786	20,555,721	3,083,065
Restricted	2,218,047	3,982,043	(1,763,996)
Unrestricted	(32,124,879)	(31,193,654)	(931,225)
Total Net Position	<u>\$ (6,268,046)</u>	<u>\$ (6,655,890)</u>	<u>\$ 387,844</u>

The \$(6,268,046) in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$931,225.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		
	2019	2018	Variance
Revenues			
Program revenues:			
Charges for services	\$ 29,829	\$ 248,758	\$ (218,929)
Operating grants and contributions	9,305,380	7,881,703	1,423,677
Capital grants and contributions	23,874	7,691,190	(7,667,316)
General revenues:			
Federal and State aid not restricted	26,068,050	24,827,808	1,240,242
Property taxes, general purposes	4,454,515	4,097,279	357,236
Property taxes, debt service	1,312,077	1,171,522	140,555
Taxes, other specific purposes	168,514	104,996	63,518
Other general revenues	2,616,815	2,540,041	76,774
Total Revenues	<u>43,979,054</u>	<u>48,563,297</u>	<u>(4,584,243)</u>
Expenses			
Instruction related	27,297,164	26,213,098	1,084,066
Pupil services	6,783,346	5,977,477	805,869
Administration	2,989,752	2,872,221	117,531
Plant services	3,811,751	3,805,843	5,908
Other	2,709,197	2,640,556	68,641
Total Expenses	<u>43,591,210</u>	<u>41,509,195</u>	<u>2,082,015</u>
Change in Net Position	<u>\$ 387,844</u>	<u>\$ 7,054,102</u>	<u>\$ (6,666,258)</u>

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$43,591,210. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$5,935,106 because the cost was paid by those who benefited from the programs (\$29,829) or by other governments and organizations who subsidized certain programs with grants and contributions (\$9,329,254). We paid for the remaining "public benefit" portion of our governmental activities with \$28,684,865 in Federal and State funds and other revenues, like interest and general entitlements.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

In Table 3, we have presented the net cost of each of the District's largest functions: instruction related services, pupil services, administration, plant services, and all other services. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Net Cost of Services		
	2019	2018	Variance
Instruction	\$ 21,385,810	\$ 13,514,253	\$ 7,871,557
Pupil services	4,020,632	3,316,332	704,300
Administration	2,609,526	2,627,767	(18,241)
Plant services	3,693,561	3,735,259	(41,698)
All other services	2,522,598	2,493,933	28,665
Total	\$ 34,232,127	\$ 25,687,544	\$ 8,544,583

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 11, 2019. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District budgeted an increase in the General Fund balance of \$430,163. Although revenues and other sources were \$2,803,941 more than budgeted, expenditures and other uses were \$2,095,502 more than budgeted, leaving the fund with an increase of \$1,138,602.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had \$52,070,554 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment (Table 4).

Table 4

	Governmental Activities		
	2019	2018	Variance
Land	\$ 2,432,571	\$ 2,432,571	\$ -
Construction in progress	6,653,335	1,652,761	5,000,574
Land improvements	4,736,451	4,941,134	(204,683)
Buildings and improvements	36,624,931	37,740,271	(1,115,340)
Equipment	1,623,266	1,560,356	62,910
Total	\$ 52,070,554	\$ 48,327,093	\$ 3,680,551

This year's additions to capital assets include additions for buildings, building improvements, land improvements, equipment, and work in progress for construction projects. We present more detailed information about our capital assets in the Notes to Financial Statements.

Long-Term Obligations

At the end of this year, the District had \$43,981,852 in obligations outstanding. Those obligations consisted of:

Table 5

	Governmental Activities		
	2019	2018	Variance
General obligation bonds	\$ 26,227,138	\$ 26,426,441	\$ (199,303)
Certificates of participation	6,715,741	7,061,952	(346,211)
Compensated absences	252,038	249,790	2,248
Early retirement incentive	276,555	-	276,555
Capital leases	157,973	60,639	97,334
Net other postemployment benefits (OPEB) liability	10,352,407	9,567,798	784,609
Total	\$ 43,981,852	\$ 43,366,620	\$ 615,232

We present more detailed information regarding our long-term obligations in the Notes to Financial Statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of \$30,255,460 versus \$29,536,978 last year, an increase of \$718,482, or 2.4 percent. The District also reported deferred outflows of resources from pension activities of \$7,919,900, and deferred inflows of resources from pension activities of \$2,317,846. We present more detailed information regarding our NPL in the Notes to Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2018-2019 ARE NOTED BELOW:

Projects completed include building upgrades and site improvements at the following school sites. American Union Elementary School received new floor coverings in classrooms and parking lot paving. West Fresno Elementary School site received an interior and exterior LED lighting upgrade. The Washington Union High School Auditorium stage lighting was upgraded. Also, the Washington Union High School received an upgrade to all school site network equipment. The West Fresno Middle and West Fresno Elementary Schools received new exterior fencing to increase safety and function. The District purchased new vehicles including one school bus, two vans and one maintenance truck.

The District completed the 2018-2019 negotiations with both the certificated and classified bargaining units and has also completed the 2019-20 negotiations with the certificated bargaining unit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy has finished its tenth year of expansion, lasting five years longer than the average recovery. The Governor and Department of Finance continue to urge the Legislature and local governments, including LEAs, to plan for the next recession. Accordingly, county offices continue to provide conservative budget guidance to school district leaders with emphasis on the following:

The District expends one-time money on one-time expenditures that support the District's vision and goals. Continuing to maintain reserves above the three percent required by the state is very important to the operations and cash-flow of the school district. Careful planning and restraint will allow the district to increase reserves and achieve this goal.

The District uses the FCMAT LCFF Calculator to estimate the base grant and supplemental /concentration revenues as well as the Minimum Proportionality Percentage (MPP) requirements.

Certificated, classified and management staffing costs are projected at the district approved staffing levels including any negotiated salary increases and projected retirement and health and welfare benefit increases. Expenditures for supplies, services and operating costs are based on prior year spending levels.

The following circumstances which could affect the financial health of the District include:

- Increase to employer contributions to CalSTRS and CalPERS through fiscal year 2020-2021.
- Increase to minimum wage and increasing health care costs.
- State revenue stagnation or decrease due to recession.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Washington Unified School District at 7950 S. Elm Avenue, Fresno, California 93706.

*Chris M. Vaz
Chief Business Official
Washington Unified School District
7950 S. Elm Avenue, Fresno, CA. 93706*

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	\$ 10,632,566
Receivables	2,703,287
Prepaid expenses	4,000
Stores inventories	438
Nondepreciable capital assets	9,085,906
Capital assets being depreciated	63,304,630
Accumulated depreciation	(20,319,982)
Total Assets	65,410,845
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	121,119
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	431,371
Deferred outflows of resources related to pensions	7,919,900
Total Deferred Outflows of Resources	8,472,390
LIABILITIES	
Accounts payable	3,472,185
Unearned revenue	83,833
Long-term obligations:	
Current portion of long-term obligations other than pensions	710,987
Noncurrent portion of long-term obligations other than pensions	43,270,865
Total Long-Term Obligations	43,981,852
Aggregate net pension liability	30,255,460
Total Liabilities	77,793,330
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	40,105
Deferred inflows of resources related to pensions	2,317,846
Total Deferred Inflows of Resources	2,357,951
NET POSITION	
Net investment in capital assets	23,638,786
Restricted for:	
Debt service	842,328
Capital projects	374,768
Educational programs	356,647
Other activities	644,304
Unrestricted	(32,124,879)
Total Net Position	\$ (6,268,046)

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 23,524,799	\$ 19,018	\$ 5,422,498	\$ 23,874
Instruction-related activities:				
Supervision of instruction	1,523,345	2,891	315,594	-
Instructional library, media, and technology	296,465	-	31,775	-
School site administration	1,952,555	-	95,704	-
Pupil services:				
Home-to-school transportation	2,100,707	-	73,141	-
Food services	1,925,840	428	1,677,862	-
All other pupil services	2,756,799	18	1,011,265	-
Administration:				
Data processing	538,660	-	13,261	-
All other administration	2,451,092	44	366,921	-
Plant services	3,811,751	8	118,182	-
Ancillary services	360,703	-	39,723	-
Interest on long-term obligations	1,695,153	-	-	-
Other outgo	653,341	7,422	139,454	-
Total Governmental Activities	\$ 43,591,210	\$ 29,829	\$ 9,305,380	\$ 23,874
General revenues and subventions:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Taxes levied for other specific purposes				
Federal and State aid not restricted to specific purposes				
Interest and investment earnings				
Special and extraordinary items				
Miscellaneous				
Subtotal, General Revenues				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

The accompanying notes are an integral part of these financial statements.

**Net (Expenses)
Revenues and
Changes in
Net Position
Governmental
Activities**

\$	(18,059,409)
	(1,204,860)
	(264,690)
	(1,856,851)
	(2,027,566)
	(247,550)
	(1,745,516)
	(525,399)
	(2,084,127)
	(3,693,561)
	(320,980)
	(1,695,153)
	(506,465)
	<u>(34,232,127)</u>
	4,454,515
	1,312,077
	168,514
	26,068,050
	184,516
	3,114
	2,429,185
	<u>34,619,971</u>
	387,844
	(6,655,890)
\$	<u><u>(6,268,046)</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Building Fund	County School Facilities Fund
ASSETS			
Deposits and investments	\$ 4,440,491	\$ 2,632,817	\$ 1,835,246
Receivables	2,236,095	22,733	6,209
Due from other funds	210,422	2,658,841	-
Prepaid expenditures	4,000	-	-
Stores inventories	438	-	-
Total Assets	\$ 6,891,446	\$ 5,314,391	\$ 1,841,455
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,650,650	\$ 766,426	\$ -
Due to other funds	818,650	-	1,840,327
Unearned revenue	82,431	-	-
Total Liabilities	3,551,731	766,426	1,840,327
Fund Balances:			
Nonspendable	14,438	-	-
Restricted	356,647	4,547,965	1,128
Assigned	439	-	-
Unassigned	2,968,191	-	-
Total Fund Balances	3,339,715	4,547,965	1,128
Total Liabilities and Fund Balances	\$ 6,891,446	\$ 5,314,391	\$ 1,841,455

The accompanying notes are an integral part of these financial statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,724,012	\$ 10,632,566
438,250	2,703,287
136	2,869,399
-	4,000
-	438
\$ 2,162,398	\$ 16,209,690

\$ 55,109	\$ 3,472,185
210,422	2,869,399
1,402	83,833
266,933	6,425,417

100	14,538
1,860,172	6,765,912
35,193	35,632
-	2,968,191
1,895,465	9,784,273

\$ 2,162,398	\$ 16,209,690
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WASHINGTON UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds	\$ 9,784,273
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 72,390,536
Accumulated depreciation is	<u>(20,319,982)</u>
Net Capital Assets	52,070,554
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:	
Pension contributions subsequent to measurement date	2,803,089
Net change in proportionate share of net pension liability	190,721
Difference between projected and actual earnings on pension plan investments	71,463
Differences between expected and actual experience in the measurement of the total pension liability	637,969
Changes of assumptions	<u>4,216,658</u>
Total Deferred Outflows of Resources Related to Pensions	7,919,900
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:	
Net change in proportionate share of net pension liability	(1,175,388)
Difference between projected and actual earnings on pension plan investments	(829,536)
Differences between expected and actual experience in the measurement of the total pension liability	<u>(312,922)</u>
Total Deferred Inflows of Resources Related to Pensions	(2,317,846)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(30,255,460)
Deferred inflows of resources related to OPEB represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of OPEB differences between expected and actual experience.	(40,105)

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

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

Deferred outflows of resources related to OPEB represent an consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of OPEB changes of assumptions.		\$ 431,371
Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.		121,119
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General obligation bonds, including premiums	\$ 26,227,138	
Certificates of participation, including premiums	6,715,741	
Compensated absences	252,038	
Capital leases	157,973	
Net other postemployment benefits (OPEB) liability	10,352,407	
Total Long-Term Obligations		(43,981,852)
Total Net Position - Governmental Activities		\$ (6,268,046)

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Building Fund
REVENUES		
Local Control Funding Formula	\$ 29,387,476	\$ -
Federal sources	3,339,907	-
Other State sources	4,483,383	-
Other local sources	2,964,132	220,088
Total Revenues	40,174,898	220,088
EXPENDITURES		
Current		
Instruction	21,185,179	-
Instruction-related activities:		
Supervision of instruction	1,357,845	-
Instructional library, media and technology	289,492	-
School site administration	1,852,428	-
Pupil services:		
Home-to-school transportation	1,805,669	-
Food services	22,899	-
All other pupil services	2,690,759	-
Administration:		
Data processing	515,843	-
All other administration	2,235,282	-
Plant services	3,380,030	-
Ancillary services	417,142	-
Other outgo	653,341	-
Facility acquisition and construction	1,335,552	3,949,691
Debt service		
Principal	358,091	-
Interest and other	238,655	-
Total Expenditures	38,338,207	3,949,691
Excess (Deficiency) of Revenues Over Expenditures	1,836,691	(3,729,603)
Other Financing Sources (Uses)		
Transfers in	-	2,658,841
Other sources	120,425	-
Transfers out	(818,514)	-
Net Financing Sources (Uses)	(698,089)	2,658,841
NET CHANGE IN FUND BALANCES	1,138,602	(1,070,762)
Fund Balance - Beginning	2,201,113	5,618,727
Fund Balance - Ending	\$ 3,339,715	\$ 4,547,965

The accompanying notes are an integral part of these financial statements.

County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 29,387,476
-	1,789,694	5,129,601
-	755,742	5,239,125
23,898	1,451,054	4,659,172
<u>23,898</u>	<u>3,996,490</u>	<u>44,415,374</u>
-	462,328	21,647,507
-	104,997	1,462,842
-	-	289,492
-	782	1,853,210
-	-	1,805,669
-	1,737,534	1,760,433
-	-	2,690,759
-	-	515,843
-	121,742	2,357,024
-	146,017	3,526,047
-	-	417,142
-	-	653,341
-	-	5,285,243
-	2,965,000	3,323,091
-	1,418,683	1,657,338
-	6,957,083	49,244,981
<u>23,898</u>	<u>(2,960,593)</u>	<u>(4,829,607)</u>
-	-	2,658,841
-	2,835,592	2,956,017
(1,840,327)	-	(2,658,841)
<u>(1,840,327)</u>	<u>2,835,592</u>	<u>2,956,017</u>
(1,816,429)	(125,001)	(1,873,590)
1,817,557	2,020,466	11,657,863
<u>\$ 1,128</u>	<u>\$ 1,895,465</u>	<u>\$ 9,784,273</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds **\$ (1,873,590)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 5,587,809	
Depreciation expense	<u>(1,844,348)</u>	
Net Expense Adjustment		3,743,461

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Position. (120,425)

Governmental funds report the effect of premiums, discounts, and deferred amounts on refunding when the debt is first issued, however, the amounts are deferred and amortized on the Statement of Activities.

Amortization of debt premiums	77,992
Amortization of deferred amounts on refunding	(37,815)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, there was an addition of special termination benefits in the amount of \$276,555. Vacation earned was less than the amounts used by \$2,248. (278,803)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (1,220,246)

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued FOR THE YEAR ENDED JUNE 30, 2019

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.	\$ (393,343)
Proceeds from the sale of bonds is reported as other financing sources in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:	
Refunding general obligation bonds	(2,865,000)
General obligations bonds discount	32,522
Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:	
General obligation bonds	2,965,000
Certificates of participation	335,000
Capital lease obligations	23,091
Change in Net Position of Governmental Activities	<u>\$ 387,844</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019

	Scholarship Trust Fund	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Deposits and investments	\$ 132,807	\$ 173,571
	<u> </u>	<u> </u>
LIABILITIES		
Due to student groups	-	\$ 173,571
	<u> </u>	<u> </u>
NET POSITION		
Restricted for scholarships	\$ 132,807	
	<u> </u>	

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	Scholarship Trust Fund
ADDITIONS	
Private donations	\$ 33,587
DEDUCTIONS	
Scholarships awarded	17,025
Change in Net Position	16,562
Net Position - Beginning	116,245
Net Position - Ending	\$ 132,807

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Washington Unified School District (the District) was formed on July 1, 2011, from the unification of the American Union Elementary School District, the Washington Union High School District, and the West Fresno Elementary School District, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates two elementary schools, one middle school, one high school, a continuation high school, a community day school, and an independent study site.

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

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, the Special Reserve Non-Capital Outlay Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$439.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

County School Facilities Fund The County School Facilities 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), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) 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.).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used 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, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Special Reserve Capital Outlay Fund The Special Reserve Capital Outlay Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into two classifications: scholarship trust funds and agency funds. 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.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust fund is the scholarship trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting; which differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. 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 the 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. Eliminations have been made to minimize the double counting of internal activities.

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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 balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, and typically paid within 60 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the county treasurer.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. 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 capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term obligations.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Debt Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Debt premiums and discounts are amortized over the life of the debt using the straight-line method.

In governmental fund financial statements, debt premiums and discounts are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance and discounts paid are also reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension and postemployment benefits related items.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension and postemployment benefits related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, where applicable, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the District Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP fiduciary net position reports investments at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets 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. Net position is 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 is available. The government-wide financial statements report \$2,218,048 of restricted net position.

Interfund Activity

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

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.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 10,632,566
Fiduciary funds	306,378
Total Deposits and Investments	<u><u>\$ 10,938,944</u></u>

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	\$ 241,526
Cash in revolving	10,000
Investments	10,687,418
Total Deposits and Investments	<u><u>\$ 10,938,944</u></u>

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.

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.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	\$ 10,693,357	\$ -	\$ 10,693,357	\$ -	\$ -
Certificate of Deposits	54,347	54,347	-	-	-
Mutual Funds	14,505	-	-	-	14,505
Total	<u>\$ 10,762,209</u>	<u>\$ 54,347</u>	<u>\$ 10,693,357</u>	<u>\$ -</u>	<u>\$ 14,505</u>

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 agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, \$36,214 of the District's cash balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Fresno County Treasury Investment Pool, Certificates of Deposit, and Mutual Funds are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Certificate of Deposit	\$ 54,347	\$ -	\$ 54,347	\$ -	\$ -
Mutual Funds	14,505	14,505	-	-	-
County Pool	10,693,357	-	-	-	10,693,357
Total	<u>\$ 10,762,209</u>	<u>\$ 14,505</u>	<u>\$ 54,347</u>	<u>\$ -</u>	<u>\$ 10,693,357</u>

NOTE 4 - RECEIVABLES

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

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 774,831	\$ -	\$ -	\$ 269,505	\$ 1,044,336
State Government					
State grants and entitlements	418,068	-	-	147,613	565,681
Local Sources	1,043,196	22,733	6,209	21,132	1,093,270
Total	<u>\$ 2,236,095</u>	<u>\$ 22,733</u>	<u>\$ 6,209</u>	<u>\$ 438,250</u>	<u>\$ 2,703,287</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Balance June 30, 2019</u>
Governmental Activities			
Capital Assets Not Being Depreciated			
Land	\$ 2,432,571	\$ -	\$ 2,432,571
Construction in process	1,652,761	5,000,574	6,653,335
Total Capital Assets Not Being Depreciated	<u>4,085,332</u>	<u>5,000,574</u>	<u>9,085,906</u>
Capital Assets Being Depreciated			
Land improvements	7,752,946	125,150	7,878,096
Buildings and improvements	49,260,508	159,518	49,420,026
Furniture and equipment	5,703,941	302,567	6,006,508
Total Capital Assets Being Depreciated	<u>62,717,395</u>	<u>587,235</u>	<u>63,304,630</u>
Less Accumulated Depreciation			
Land improvements	2,811,812	329,833	3,141,645
Buildings and improvements	11,520,237	1,274,858	12,795,095
Furniture and equipment	4,143,585	239,657	4,383,242
Total Accumulated Depreciation	<u>18,475,634</u>	<u>1,844,348</u>	<u>20,319,982</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,327,093</u>	<u>\$ 3,743,461</u>	<u>\$ 52,070,554</u>

Depreciation expense was charged to functional expenses as follows:

Governmental Activities	
Instruction	\$ 848,401
School site administration	55,330
Home-to-school transportation	479,530
Food services	147,548
All other general administration	36,887
Data processing	18,443
Plant services	258,209
Total Depreciation Expenses, Governmental Activities	<u>\$ 1,844,348</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2019, are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds		
General	\$ 210,422	\$ 818,650
Building	2,658,841	-
County School Facilities	-	1,840,327
Total Major Governmental Funds	<u>2,869,263</u>	<u>2,658,977</u>
Non-Major Governmental Funds		
Child Development	-	119,877
Cafeteria	136	90,545
Total Non-Major Governmental Funds	<u>136</u>	<u>210,422</u>
Total All Governmental Funds	<u><u>\$ 2,869,399</u></u>	<u><u>\$ 2,869,399</u></u>

The General Fund owes the Cafeteria Non-Major Governmental Fund for miscellaneous costs.	\$ 136
The General Fund owes the Building Fund for capital outlay expenditures.	818,514
The Child Development Non-Major Governmental Fund owes the General Fund for payroll expenditures.	44,107
The Child Development Non-Major Governmental Fund owes the General Fund for indirect costs.	40,211
The Child Development Non-Major Governmental Fund owes the General Fund for a temporary cash flow loan.	35,000
The Child Development Non-Major Governmental Fund owes the General Fund for miscellaneous costs.	559
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	81,531
The Cafeteria Non-Major Governmental Fund owes the General Fund for payroll expenditures.	9,014
The County School Facilities Fund owes the Building Fund for capital outlay expenditures.	1,840,327
Total	<u><u>\$ 2,869,399</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2019, consisted of the following:

The County School Facilities Fund transferred to the Building Fund for capital outlay expenditures.	\$ 1,840,327
The General Fund transferred to the Building Fund for capital outlay expenditures.	818,514
Total	<u><u>\$ 2,658,841</u></u>

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consist of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Vendor payables	\$ 904,464	\$ 766,426	\$ 28,994	\$ 1,699,884
Deferred payroll	790,374	-	-	790,374
Salaries and benefits	308,382	-	26,115	334,497
State principal apportionment	647,430	-	-	647,430
Total	<u><u>\$ 2,650,650</u></u>	<u><u>\$ 766,426</u></u>	<u><u>\$ 55,109</u></u>	<u><u>\$ 3,472,185</u></u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 36,971	\$ -	\$ 36,971
State categorical aid	45,460	1,402	46,862
Total	<u><u>\$ 82,431</u></u>	<u><u>\$ 1,402</u></u>	<u><u>\$ 83,833</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 12, 2018, the District issued \$1,400,000 of Tax and Revenue Anticipation Notes bearing interest at 3.0 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 28, 2019. By April 30, 2019, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

Issue Date	Rate	Maturity Date	Outstanding	Additions	Payments	Outstanding
			July 1, 2018			June 30, 2019
July 12, 2018	3.00%	June 28, 2019	\$ -	\$ 1,400,000	\$ 1,400,000	\$ -

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance	Additions	Deductions	Balance	Due in
	July 1, 2018			June 30, 2019	One Year
General obligation bonds	\$ 24,780,000	\$ 2,865,000	\$ 2,965,000	\$ 24,680,000	\$ 325,000
Bonds premiums	1,646,441	-	66,781	1,579,660	-
General obligation bonds discount	-	(32,522)	-	(32,522)	-
Certificates of participation (COP)	6,905,000	-	335,000	6,570,000	345,000
COP premiums	156,952	-	11,211	145,741	-
Compensated absences - net	249,790	2,248	-	252,038	-
Early retirement incentive - PARS	-	276,555	-	276,555	-
Capital leases	60,639	120,425	23,091	157,973	40,987
Other postemployment benefits (OPEB) liability	9,567,798	1,433,439	648,830	10,352,407	-
Total	\$43,366,620	\$4,665,145	\$4,049,913	\$ 43,981,852	\$ 710,987

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. Payments on the certificates of participation and capital leases are made by the General Fund. The compensated absences, early retirement incentive, and other postemployment benefits are paid by the fund for which the employee worked.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2018	Issued	Redeemed	Outstanding June 30, 2019
5/4/2010	5/1/2023	4.5-5.0%	\$ 2,365,000	\$ 1,070,000	\$ -	\$ 220,000	\$ 850,000
5/4/2010	5/1/2035	6.6%	2,500,000	2,500,000	-	2,500,000	-
11/6/2012	8/1/2043	2.0-5.0%	11,965,000	11,175,000	-	245,000	10,930,000
10/26/2016	8/1/2043	2.0-5.0%	10,035,000	10,035,000	-	-	10,035,000
10/9/2018	8/1/2034	3.4-4.4%	2,865,000	-	2,865,000	-	2,865,000
Total				<u>\$ 24,780,000</u>	<u>\$ 2,865,000</u>	<u>\$ 2,965,000</u>	<u>\$ 24,680,000</u>

2010 General Obligation Refunding Bonds

Prior to the unification and formation of the Washington Unified School District, on May 4, 2010, the West Fresno Elementary School District issued \$2,365,000 of 2010 General Obligation Refunding Bonds. The bonds were issued to refund the remaining outstanding obligation of the 1997 Series A and Series B General Obligation Bonds that were issued previously by the District. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on May 1 and November 1 of each year commencing May 1, 2011.

2012 Series A General Obligation Bonds

On February 13, 2013, the District issued \$11,965,000 of Election of 2012, Series A General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of \$22,000,000 principal amount of general obligation bonds for the purpose of financing the construction, renovation, modernization and equipping of school facilities. The Series A bonds were the first series of bonds to be issued under the authorization. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing August 1, 2013.

2012 Series B General Obligation Bonds

On October 13, 2016, the District issued \$10,035,000 of Election of 2012, Series B General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of \$22,000,000 principal amount of general obligation bonds. The Series B bonds were the second and final series of bonds to be issued under the authorization. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2017. The bonds were issued to refinance certain District capital costs through the prepayment, on a current basis, of a portion of the District's 2013 Certificates of Participation and the advance refunding of all of the District's outstanding 2015 Bond Anticipation Notes.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

2018 General Obligations Refunding Bonds

On October 9, 2018, the District issued \$2,865,000 of 2018 General Obligation Bonds. The bonds were issued to advance refund the West Fresno Elementary School District's 1997 General Obligation Bonds, Series C, consisting of a term bond maturing in the year 2035.

Debt Service Requirements to Maturity

The bonds mature as follows:

West Fresno 2010 Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2020	\$ 230,000	\$ 38,250	\$ 268,250
2021	240,000	27,900	267,900
2022	250,000	17,100	267,100
2023	130,000	5,850	135,850
Total	<u>\$ 850,000</u>	<u>\$ 89,100</u>	<u>\$ 939,100</u>

Washington Unified 2012 Series A

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2020	\$ 95,000	\$ 472,381	\$ 567,381
2021	125,000	469,531	594,531
2022	120,000	465,781	585,781
2023	145,000	462,181	607,181
2024	175,000	456,381	631,381
2025-2029	1,405,000	2,174,412	3,579,412
2030-2034	2,475,000	1,875,225	4,350,225
2035-2039	2,425,000	1,376,500	3,801,500
2040-2044	3,965,000	633,750	4,598,750
Total	<u>\$ 10,930,000</u>	<u>\$ 8,386,142</u>	<u>\$ 19,316,142</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Washington Unified 2012 Series B

Fiscal Year	Principal	Interest to Maturity	Total
2020	\$ -	\$ 448,093	\$ 448,093
2021	-	448,093	448,093
2022	-	448,093	448,093
2023	-	448,093	448,093
2024	-	448,093	448,093
2025-2029	355,000	2,220,440	2,575,440
2030-2034	1,010,000	2,120,300	3,130,300
2035-2039	3,180,000	1,648,314	4,828,314
2040-2044	5,490,000	646,779	6,136,779
Total	\$ 10,035,000	\$ 8,876,298	\$ 18,911,298

West Fresno 2018 Refunding

Fiscal Year	Principal	Interest to Maturity	Total
2020	\$ -	\$ 89,038	\$ 89,038
2021	80,000	118,717	198,717
2022	45,000	116,035	161,035
2023	50,000	114,485	164,485
2024	50,000	112,702	162,702
2025-2029	1,050,000	475,101	1,525,101
2030-2034	1,295,000	237,650	1,532,650
2035	295,000	12,980	307,980
Total	\$ 2,865,000	\$ 1,276,708	\$ 4,141,708

Related refunding information:

Cash flow requirements of refunded Bonds	\$ 4,443,700
Cash flow requirements of Series 2017 Refunding Bonds	4,141,707
Cash flow savings	\$ 301,993
Economic Gain (net present value savings)	\$ 171,113

WASHINGTON UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Certificates of Participation

On October 27, 2016, the Washington Unified School District issued refunding certificates of participation in the amount of \$7,295,000 with interest rates ranging from 2.0 to 4.0 percent. The certificates were issued to refund a portion of the District's outstanding 2013 Certificates of Participation.

The certificates mature through 2034 as follows:

2016 Refunding Certificates of Participation

Year Ending June 30,	Principal	Interest	Total
2020	\$ 345,000	\$ 205,119	\$ 550,119
2021	355,000	191,119	546,119
2022	370,000	176,619	546,619
2023	385,000	161,518	546,518
2024	400,000	147,819	547,819
2025-2029	2,190,000	551,667	2,741,667
2030-2034	2,525,000	203,747	2,728,747
Total	<u>\$ 6,570,000</u>	<u>\$ 1,637,608</u>	<u>\$ 8,207,608</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$252,038.

PARS Early Retirement Incentive

The District entered into an agreement with four employees where the employees would be given varying amounts per participant for five years. The outstanding liability for this plan was \$276,575 at June 30, 2019.

Year Ending June 30,	Payment
2020	\$ 55,311
2021	55,311
2022	55,311
2023	55,311
2024	55,311
Total	<u>\$ 276,555</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Capital Leases

The District has entered into agreements to lease vehicles. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2018	\$ 60,639
Additions	120,425
Payments	23,091
Balance, June 30, 2019	<u>\$ 157,973</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2020	\$ 47,468
2021	47,469
2022	37,717
2023	21,259
2024	21,259
Total	<u>175,172</u>
Less: Amount Representing Interest	<u>17,199</u>
Present Value of Minimum Lease Payments	<u>\$ 157,973</u>

Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 10,191,368	\$ 431,371	\$ 40,105	\$ 411,548
Medicare Premium Payment (MPP) Program	161,039	-	-	(18,205)
Total	<u>\$ 10,352,407</u>	<u>\$ 431,371</u>	<u>\$ 40,105</u>	<u>\$ 393,343</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At July 1, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	36
Active employees	252
Total	<u>288</u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Washington Unified Faculty Association (WUFA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, WUFA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District paid \$585,173 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$10,191,368 was measured as of June 30, 2019, by an actuarial valuation as of July 1, 2018.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Actuarial Assumptions

The total OPEB liability in the July 1, 2018, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.13 percent
Healthcare cost trend rates	5.90 percent for 2019, and 5.80 percent for 2020 and decreasing by 0.10 percent each year to 5.0 percent for 2028 and thereafter

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males and Females, as appropriate, without projection.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, July 1, 2018	\$ 9,388,554
Service cost	614,988
Interest	329,564
Differences between expected and actual experience	(45,452)
Changes of assumptions or other inputs	488,887
Benefit payments	(585,173)
Net change in total OPEB liability	<u>802,814</u>
Balance, June 30, 2019	<u>\$ 10,191,368</u>

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.62 percent to 3.13 percent since the previous valuation. The health trend rate was reduced from 6 percent to 5 percent.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.13%)	\$ 11,164,815
Current discount rate (3.13%)	10,191,368
1% increase (4.13%)	9,323,187

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (4.0%)	\$ 9,097,126
Current healthcare cost trend rate (5.0%)	10,191,368
1% increase (6.0%)	11,499,247

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$411,548. At June 30, 2019, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 40,105
Changes of assumptions	431,371	-
Total	<u>\$ 431,371</u>	<u>\$ 40,105</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred outflows of resources related to the changes of assumptions in the OPEB actuarial report will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	\$ 57,516
2021	57,516
2022	57,516
2023	57,516
2024	57,516
Thereafter	143,791
Total	<u>\$ 431,371</u>

The deferred inflows of resources related to the differences between projected and actual experience in the OPEB actuarial report will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2020	\$ (5,347)
2021	(5,347)
2022	(5,347)
2023	(5,347)
2024	(5,347)
Thereafter	(13,370)
Total	<u>\$ (40,105)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of \$161,039 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.0421 percent and 0.0426 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(18,205).

Actuarial Methods and Assumptions

The June 30, 2018, total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

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

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.87%)	\$ 178,117
Current discount rate (3.87%)	161,039
1% increase (4.87%)	145,619

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 146,851
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	161,039
1% increase (4.7% Part A and 5.1% Part B)	176,298

NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 100	\$ 10,100
Stores inventories	438	-	-	-	438
Prepaid expenditures	4,000	-	-	-	4,000
Total Nonspendable	14,438	-	-	100	14,538
Restricted					
Educational programs	356,647	-	-	-	356,647
Food service	-	-	-	644,204	644,204
Capital projects	-	4,547,965	1,128	373,640	4,922,733
Debt service	-	-	-	842,328	842,328
Total Restricted	356,647	4,547,965	1,128	1,860,172	6,765,912
Assigned					
Capital projects	439	-	-	35,193	35,632
Unassigned					
	2,968,191	-	-	-	2,968,191
Total	\$ 3,339,715	\$ 4,547,965	\$ 1,128	\$ 1,895,465	\$ 9,784,273

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, the District contracted with Organization of Self-Insured Schools for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2019, the District participated in the Fresno County Self-Insurance Group, an insurance purchasing pool. The intent of the Fresno County Self-Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Fresno County Self-Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Fresno County Self-Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Fresno County Self-Insurance Group. Participation in the Fresno County Self-Insurance Group is limited to districts that can meet the Fresno County Self-Insurance Group selection criteria.

Employee Medical Benefits

The District has contracted with the California's Valued Trust (CVT) to provide employee health benefits. CVT is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
CalSTRS	\$ 21,542,881	\$ 5,622,070	\$ 2,227,388	\$ 2,319,160
CalPERS	8,712,579	2,297,830	90,458	1,704,175
Total	<u>\$ 30,255,460</u>	<u>\$ 7,919,900</u>	<u>\$ 2,317,846</u>	<u>\$ 4,023,335</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were \$2,034,150.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 21,542,881
State's proportionate share of the net pension liability associated with the District	12,334,307
Total	<u><u>\$ 33,877,188</u></u>

The net pension liability was measured as of June 30, 2018. 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 and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0234 percent and 0.0235 percent, resulting in a net decrease in the proportionate share of 0.0001 percent.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$2,319,160. In addition, the District recognized pension expense and revenue of \$1,449,003 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,034,150	\$ -
Net change in proportionate share of net pension liability	174,371	1,084,930
Difference between projected and actual earnings on pension plan investments	-	829,536
Differences between expected and actual experience in the measurement of the total pension liability	66,804	312,922
Changes of assumptions	3,346,745	-
Total	<u>\$ 5,622,070</u>	<u>\$ 2,227,388</u>

The 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 subsequent fiscal year.

The deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2020	\$ 180,117
2021	(130,697)
2022	(695,950)
2023	(183,006)
Total	<u>\$ (829,536)</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 370,589
2021	370,589
2022	370,588
2023	547,592
2024	544,435
Thereafter	(13,725)
Total	<u>\$ 2,190,068</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 31,557,800
Current discount rate (7.10%)	21,542,881
1% increase (8.10%)	13,239,542

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Contributions

Section 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. Total plan contributions are calculated through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were \$768,939.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$8,712,579. The net pension liability was measured as of June 30, 2018. 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. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0327 percent and 0.0326 percent, resulting in a net decrease in the proportionate share of 0.0001 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$1,704,175. At June 30, 2019, 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
Pension contributions subsequent to measurement date	\$ 768,939	\$ -
Net change in proportionate share of net pension liability	16,350	90,458
Difference between projected and actual earnings on pension plan investments	71,463	-
Differences between expected and actual experience in the measurement of the total pension liability	571,165	-
Changes of assumptions	869,913	-
Total	<u>\$ 2,297,830</u>	<u>\$ 90,458</u>

The 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 subsequent fiscal year.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	\$ 259,926
2021	62,158
2022	(199,197)
2023	(51,424)
Total	<u>\$ 71,463</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 594,826
2021	578,562
2022	193,582
Total	<u>\$ 1,366,970</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 12,685,099
Current discount rate (7.15%)	8,712,579
1% increase (8.15%)	5,416,806

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,138,372 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-2019 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Washington Union High School baseball and softball facilities projects	\$ 4,388,156	12/2019
Washington Union High School drinking water project	160,000	12/2019
Total	<u>\$ 4,548,156</u>	

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Fresno County Self-Insurance Group (FCSIG), the Organization of Self-Insured Schools (OSS) and the California's Valued Trust (CVT) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPAs are 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 statements.

The District has appointed no members to the governing board of FCSIG.

During the year ended June 30, 2019, the District made payment of \$390,282 to FCSIG for workers' compensation insurance.

The District has appointed no members to the governing board of OSS.

During the year ended June 30, 2019, the District made payment of \$233,484 to OSS for liability and property damage insurance.

The District has appointed one member to the governing board of CVT.

During the year ended June 30, 2019, the District made payment of \$4,760,156 to CVT for health coverage.

NOTE 16 - SUBSEQUENT EVENTS

The District issued \$1,815,000 of Tax and Revenue Anticipation Notes dated July 11, 2019. The notes mature on June 30, 2020 and yield 2.0 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent semi-annually January 1, 2020 and April 1, 2020, until 100 percent of principal and interest due is on account on June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts			Variances -
	Original	Final	Actual	Favorable
				(Unfavorable)
				Final to Actual
REVENUES				
Local Control Funding Formula	\$ 27,832,564	\$ 29,143,466	\$ 29,387,476	\$ 244,010
Federal sources	3,076,975	3,532,529	3,339,907	(192,622)
Other State sources	2,907,200	2,870,167	4,483,383	1,613,216
Other local sources	2,444,107	1,945,220	2,964,132	1,018,912
Total Revenues ¹	36,260,846	37,491,382	40,174,898	2,683,516
EXPENDITURES				
Current				
Certificated salaries	12,998,564	13,425,016	13,092,941	332,075
Classified salaries	4,590,665	4,726,144	4,680,959	45,185
Employee benefits	9,110,850	9,628,593	10,816,345	(1,187,752)
Books and supplies	1,911,060	1,859,930	1,535,195	324,735
Services and operating expenditures	5,427,903	5,415,204	5,437,779	(22,575)
Other outgo	420,749	405,048	540,123	(135,075)
Capital outlay	817,771	1,024,135	1,638,119	(613,984)
Debt service - principal	437,802	357,155	358,091	(936)
Debt service - interest	232,782	219,994	238,655	(18,661)
Total Expenditures ¹	35,948,146	37,061,219	38,338,207	(1,276,988)
Excess (Deficiency) of Revenues Over Expenditures	312,700	430,163	1,836,691	1,406,528
Other Financing Sources (Uses)				
Other sources	-	-	120,425	120,425
Transfers out	-	-	(818,514)	(818,514)
Net Financing Sources (Uses)	-	-	(698,089)	(698,089)
NET CHANGE IN FUND BALANCES	312,700	430,163	1,138,602	708,439
Fund Balance - Beginning	2,201,113	2,201,113	2,201,113	-
Fund Balance - Ending	\$ 2,513,813	\$ 2,631,276	\$ 3,339,715	\$ 708,439

¹ Due to the consolidation of Fund 17, Special Reserve Non-Capital Outlay Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets. On behalf payments of \$1,071,818 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
Total OPEB Liability		
Service cost	\$ 614,988	\$ 509,444
Interest	329,564	318,774
Difference between expected and actual experience	(45,452)	-
Changes of assumptions	488,887	-
Benefit payments	(585,173)	(486,847)
Net change in total OPEB liability	<u>802,814</u>	<u>341,371</u>
Total OPEB liability - beginning	<u>9,388,554</u>	<u>9,047,183</u>
Total OPEB liability - ending	<u><u>\$ 10,191,368</u></u>	<u><u>\$ 9,388,554</u></u>
Covered payroll	<u>N/A ¹</u>	<u>N/A ¹</u>
District's total OPEB liability as a percentage of covered payroll	<u>N/A ¹</u>	<u>N/A ¹</u>

¹ The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019**

Year ended June 30,	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.0421%</u>	<u>0.0426%</u>
District's proportionate share of the net OPEB liability	<u>\$ 161,039</u>	<u>\$ 179,244</u>
District's covered-employee payroll	<u>N/A ¹</u>	<u>N/A ¹</u>
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	<u>N/A ¹</u>	<u>N/A ¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>-0.40%</u>	<u>0.01%</u>

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
CalSTRS		
District's proportion of the net pension liability	<u>0.0234%</u>	<u>0.0235%</u>
District's proportionate share of the net pension liability	\$ 21,542,881	\$ 21,763,650
State's proportionate share of the net pension liability associated with the District	<u>12,334,307</u>	<u>12,875,192</u>
Total	<u>\$ 33,877,188</u>	<u>\$ 34,638,842</u>
District's covered - employee payroll	<u>\$ 12,531,601</u>	<u>\$ 12,593,959</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>171.91%</u>	<u>172.81%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.0327%</u>	<u>0.0326%</u>
District's proportionate share of the net pension liability	<u>\$ 8,712,579</u>	<u>\$ 7,773,328</u>
District's covered - employee payroll	<u>\$ 4,309,793</u>	<u>\$ 4,446,997</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>202.16%</u>	<u>174.80%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.0247%</u>	<u>0.0243%</u>	<u>0.0255%</u>
\$ 19,956,738	\$ 16,333,801	\$ 14,924,366
<u>11,361,015</u>	<u>8,638,780</u>	<u>9,011,976</u>
<u>\$ 31,317,753</u>	<u>\$ 24,972,581</u>	<u>\$ 23,936,342</u>
<u>\$ 12,536,757</u>	<u>\$ 11,934,257</u>	<u>\$ 11,219,455</u>
<u>159.19%</u>	<u>136.86%</u>	<u>133.02%</u>
<u>70%</u>	<u>74%</u>	<u>77%</u>
<u>0.0335%</u>	<u>0.0339%</u>	<u>0.0314%</u>
\$ 6,616,581	\$ 4,996,194	\$ 3,567,659
\$ 4,020,967	\$ 3,753,165	\$ 3,110,103
<u>164.55%</u>	<u>133.12%</u>	<u>114.71%</u>
<u>74%</u>	<u>79%</u>	<u>83%</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
CalSTRS		
Contractually required contribution	\$ 2,034,150	\$ 1,808,310
Contributions in relation to the contractually required contribution	<u>2,034,150</u>	<u>1,808,310</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 12,494,779</u>	<u>\$ 12,531,601</u>
Contributions as a percentage of covered - employee payroll	<u>16.28%</u>	<u>14.43%</u>
CalPERS		
Contractually required contribution	\$ 768,939	\$ 669,354
Contributions in relation to the contractually required contribution	<u>768,939</u>	<u>669,354</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 4,257,220</u>	<u>\$ 4,309,793</u>
Contributions as a percentage of covered - employee payroll	<u>18.062%</u>	<u>15.531%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2017	2016	2015
\$ 1,584,320	\$ 1,345,194	\$ 1,059,762
1,584,320	1,345,194	1,059,762
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,593,959	\$ 12,536,757	\$ 11,934,257
<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
\$ 617,599	\$ 476,364	\$ 441,785
617,599	476,364	441,785
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,446,997	\$ 4,020,967	\$ 3,753,165
<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2019, the District's General Fund exceeded the budgeted amount in total as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General	\$ 37,061,219	\$ 39,156,721	\$ 2,095,502

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education (CDE):			
Title I - Part A, Basic	84.010	14329	\$ 1,883,950
Title I - Part C, Migrant Education, Regular	84.011	14326	106,898
Title I - Part C, Migrant Education, Summer	84.011	10005	24,748
Title I - Part C, Even Start Migrant Education	84.011	14768	5,736
Title II - Supporting Effective Instruction	84.367	14341	152,560
Title III - English Learner Student Program	84.365	14346	160,126
Title IV - Part B, 21st Century	84.287	14349	266,149
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	60,059
Vocational Education - Applied Technology	84.048	14894	60,778
Special Education Cluster			
Special Education, Basic Local Assistance	84.027	13379	528,227
Special Education - Preschool Grants	84.173	13430	6,702
Subtotal - Special Education Cluster			<u>534,929</u>
Total U.S. Department of Education			<u>3,255,933</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medicaid Cluster - Medi-Cal Administrative Activities	93.778	10060	83,974
Total U.S. Department of Health and Human Services			<u>83,974</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	1,188,174
Especially Needy Breakfast	10.553	13526	336,410
Meals Supplements - Snack	10.555	13391	81,591
Summer Food Program	10.559	13004	32,724
Food Distribution - Commodities	10.555	13391	150,795
Subtotal - Child Nutrition Cluster			<u>1,789,694</u>
Total U.S. Department of Agriculture			<u>1,789,694</u>
Total Expenditures of Federal Awards			<u>\$ 5,129,601</u>

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

ORGANIZATION

The Washington Unified School District was unified on July 1, 2011, and consists of an area comprising approximately 99 square miles. The District operates two elementary schools, one middle school, one high school, a continuation high school, a community day school, and an independent study site. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Terry Ruiz	President	2020
Anna Campbell	Vice President	2020
Dr. Henry Hendrix	Clerk	2022
Mark Aguilar	Member	2020
Steve Barra	Member	2022
Darrell Carter	Member	2022
Eddie Ruiz	Member	2020

ADMINISTRATION

Randy Morris	Superintendent
Chris M. Vaz	Chief Business Official

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	612.72	613.91
Fourth through sixth	446.31	445.24
Seventh and eighth	317.48	316.57
Ninth through twelfth	1,070.66	1,068.42
Total Regular ADA	<u>2,447.17</u>	<u>2,444.14</u>
Extended Year Special Education		
Transitional kindergarten through third	-	0.31
Fourth through sixth	-	0.14
Seventh and eighth	-	0.23
Ninth through twelfth	-	0.08
Total Extended Year Special Education	<u>-</u>	<u>0.76</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.60	0.60
Seventh and eighth	0.58	0.58
Total Special Education, Nonpublic, Nonsectarian Schools	<u>1.18</u>	<u>1.18</u>
Community Day School		
Ninth through twelfth	7.22	6.63
Total ADA	<u><u>2,455.57</u></u>	<u><u>2,452.71</u></u>

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

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

Grade Level	1986-1987	2018-2019	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	56,000	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		53,825	180	N/A	Complied
Grade 2		53,825	180	N/A	Complied
Grade 3		53,825	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		61,775	180	N/A	Complied
Grade 5		61,775	180	N/A	Complied
Grade 6		62,545	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		62,575	180	N/A	Complied
Grade 8		62,575	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,150	180	N/A	Complied
Grade 10		65,150	180	N/A	Complied
Grade 11		65,150	180	N/A	Complied
Grade 12		65,150	180	N/A	Complied

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

	(Budget)			
	2020 ^{1,3}	2019 ³	2018 ³	2017 ³
GENERAL FUND				
Revenues	\$ 37,135,283	\$ 40,174,890	\$ 36,808,383	\$ 34,513,791
Other sources and transfers in	-	93,351	-	74,584
Total Revenues and Other Sources	37,135,283	40,268,241	36,808,383	34,588,375
Expenditures	36,818,734	38,311,133	36,595,070	34,561,732
Other uses and transfers out	-	818,514	-	-
Total Expenditures and Other Uses ³	36,818,734	39,129,647	36,595,070	34,561,732
INCREASE/(DECREASE) IN FUND BALANCE	\$ 316,549	\$ 1,138,594	\$ 213,313	\$ 26,643
ENDING FUND BALANCE	\$ 3,655,826	\$ 3,339,277	\$ 2,200,683	\$ 1,987,370
AVAILABLE RESERVES ^{2,5}	\$ 3,166,600	\$ 2,968,191	\$ 2,014,455	\$ 1,598,732
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	8.6%	7.8%	5.5%	4.6%
LONG-TERM OBLIGATIONS ⁴	Not Available	\$ 43,981,852	\$ 43,366,620	\$ 44,195,713
AVERAGE DAILY ATTENDANCE AT P-2	2,488	2,456	2,438	2,479

The General Fund balance has increased by \$1,351,907 over the past two years. The fiscal year 2019-2020 budget projects a further increase of \$316,549 (9.5 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses over the past three years and anticipates incurring an operating surplus during the 2019-2020 fiscal year. Total long-term obligations have decreased by \$213,861 over the past two years.

Average daily attendance has decreased by 23 over the past two years. Growth of 32 ADA is anticipated during fiscal year 2019-2020.

¹ Budget 2020 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances contained within the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Special Reserve Non-Capital Outlay Fund as required by GASB Statement No. 54.

⁴ The balance of long-term obligations for the year ended June 30, 2017, has been restated due to the implementation of GASB Statement No. 75.

⁵ On behalf payments of \$1,071,818 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

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

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
W.E.B. DuBois Public Charter (Charter Number 0270)	No

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	\$ 3,566	\$ 474,213	\$ 372,869
Receivables	129,652	290,676	2,005
Due from other funds	-	136	-
Total Assets	\$ 133,218	\$ 765,025	\$ 374,874
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 11,939	\$ 30,176	\$ 1,234
Due to other funds	119,877	90,545	-
Unearned revenue	1,402	-	-
Total Liabilities	133,218	120,721	1,234
Fund Balances:			
Nonspendable	-	100	-
Restricted	-	644,204	373,640
Assigned	-	-	-
Total Fund Balances	-	644,304	373,640
Total Liabilities and Fund Balances	\$ 133,218	\$ 765,025	\$ 374,874

See accompanying note to supplementary information.

Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ 35,029	\$ 838,335	\$ 1,724,012
11,924	3,993	438,250
-	-	136
<u>\$ 46,953</u>	<u>\$ 842,328</u>	<u>\$ 2,162,398</u>
\$ 11,760	\$ -	\$ 55,109
-	-	210,422
-	-	1,402
<u>11,760</u>	<u>-</u>	<u>266,933</u>
-	-	100
-	842,328	1,860,172
35,193	-	35,193
<u>35,193</u>	<u>842,328</u>	<u>1,895,465</u>
<u>\$ 46,953</u>	<u>\$ 842,328</u>	<u>\$ 2,162,398</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
REVENUES			
Federal sources	\$ -	\$ 1,789,694	\$ -
Other State sources	605,473	145,614	-
Other local sources	2,845	8,188	81,397
Total Revenues	608,318	1,943,496	81,397
EXPENDITURES			
Current			
Instruction	462,328	-	-
Instruction-related activities:			
Supervision of instruction	104,997	-	-
School site administration	782	-	-
Pupil services:			
Food services	-	1,737,534	-
Administration:			
All other administration	40,211	81,531	-
Plant services	-	27,419	93,038
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	608,318	1,846,484	93,038
Excess (Deficiency) of Revenues Over Expenditures	-	97,012	(11,641)
Other Financing Sources			
Other sources	-	-	-
NET CHANGE IN FUND BALANCES	-	97,012	(11,641)
Fund Balance - Beginning	-	547,292	385,281
Fund Balance - Ending	\$ -	\$ 644,304	\$ 373,640

See accompanying note to supplementary information.

Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 1,789,694
-	4,655	755,742
31,982	1,326,642	1,451,054
<u>31,982</u>	<u>1,331,297</u>	<u>3,996,490</u>
-	-	462,328
-	-	104,997
-	-	782
-	-	1,737,534
-	-	121,742
25,560	-	146,017
-	2,965,000	2,965,000
-	1,418,683	1,418,683
<u>25,560</u>	<u>4,383,683</u>	<u>6,957,083</u>
<u>6,422</u>	<u>(3,052,386)</u>	<u>(2,960,593)</u>
-	2,835,592	2,835,592
6,422	(216,794)	(125,001)
28,771	1,059,122	2,020,466
<u>\$ 35,193</u>	<u>\$ 842,328</u>	<u>\$ 1,895,465</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

Schedule of Charter Schools

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

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

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.

INDEPENDENT AUDITOR'S REPORTS



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

Governing Board
Washington Unified School District
Fresno, California

We have audited, in accordance with the 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 Washington Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Washington Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Unified 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Washington Unified School District in a separate letter dated December 15, 2019.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fresno, California
December 15, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Washington Unified School District
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited Washington Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washington Unified School District's major Federal programs for the year ended June 30, 2019. Washington Unified 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 Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Washington Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Washington Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Washington Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Washington Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Washington Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Washington Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Washington Unified 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Fresno, California
December 15, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Washington Unified School District
Fresno, California

Report on State Compliance

We have audited Washington Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Washington Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Washington Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Washington Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Washington Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Washington Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Washington Unified School District's compliance with the State laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No (see below)
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No (see below)
After School	Yes
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	No (see below)
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	No (see below)
Determination of Funding for Non Classroom-Based Instruction	No (see below)
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

We did not perform procedures for Continuation Education because the ADA from the program was under the level that requires testing.

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform procedures for the General Requirements of the After/Before School Education and Safety Program because the grantee, Fresno County Office of Education, administers the program and has its own audit.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Additionally, the District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fresno, California
December 15, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WASHINGTON UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

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

STATE AWARDS

Type of auditor's report issued on compliance for programs	<u>Unmodified</u>
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WASHINGTON UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

WASHINGTON UNIFIED SCHOOL DISTRICT

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

None reported.

WASHINGTON UNIFIED SCHOOL DISTRICT

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

None reported.

WASHINGTON UNIFIED SCHOOL DISTRICT

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

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Management
Washington Unified School District
Fresno, California

In planning and performing our audit of the financial statements of Washington Unified School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2019, on the government-wide financial statements of the District.

WEST FRESNO ELEMENTARY SCHOOL - ASSOCIATED STUDENT BODY (ASB)

Cash Disbursements

Observation

During our audit of the cash disbursement procedures at the site, we determined that internal controls over the disbursement process are not in place. We noted that the ASB bookkeeper/advisor does not issue checks for reimbursement instead she reimburses expenditures with cash. She does not have adequate supporting documentation for the reimbursements. Additionally, the ASB bookkeeper/advisor stated that she cannot write checks because she is not on the bank account.

Recommendation

The site should review the cash disbursement procedures outlined in the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* published by the Fiscal Crisis & Management Assistance Team (FCMAT) which is available at www.fcmat.org. In order to provide proper controls over spending, the site should take the necessary steps to ensure that expenditures are approved by site administration prior to the item being purchased.

Bank Reconciliation

Observation

During our audit of the bank reconciliation we noted that the monthly bank statements were not reconciled on a monthly basis. During our audit, we discovered the site has not reconciled the bank statements in the 2018-2019 school year. Due to the untimely review, the site is not aware of its true financial position. Additionally, the longer the account goes unreconciled, the more difficult it will be to get things up to date.

Recommendation

Bank reconciliations must be done on a monthly basis in order to ensure that the cash balance reported on the books is accurate and that the financial institution or site has not made a mistake. Besides reconciling the cash accounts, the balances of the student body accounts should be totaled and compared to this reconciled cash amount to ensure that the two amounts are equal. Differences between these two amounts could be caused by mispostings to the student body accounts.

Cash Receipts

Observation

During our audit of cash receipts we observed that the site ASB bookkeeper does not issue receipts after receiving funds from site clubs and advisors. Without this step in the cash receipts process, it is impossible to determine when cash was received, from whom cash was received or how intact, and how timely deposits were made. This internal control weakness puts the District at greater risk for loss of cash, reduces accountability over cash, and reduces the District's ability to know how much cash should be on hand.

Recommendation

Prenumbered receipts or a class roster/log should be used for all cash collections by teacher, advisors, and the site bookkeeper, which would include a specific description of the source of the funds. A carbon of the receipts or copy of the roster/log used by the teachers and advisors should be forwarded with the cash to the bookkeeper as documentation that all monies collected have been turned in. The receipts issued to teachers from the bookkeeper should be totaled and reconciled to the current bank deposit. A system to mark the last receipt which corresponds to a deposit must be started in order to know which receipts relate to funds that should be on-hand.

We will review the status of the current year comments during our next audit engagement.



Fresno, California
December 15, 2019