

# WISEBURN UNIFIED SCHOOL DISTRICT

AUDIT REPORT  
JUNE 30, 2019



**WISEBURN UNIFIED SCHOOL DISTRICT  
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JUNE 30, 2019**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

Governing Board  
Wiseburn Unified School District  
El Segundo, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wiseburn Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Wiseburn Unified School 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. 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, the business-type activities, each major fund, and the aggregate remaining fund information of Wiseburn Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wiseburn Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 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 3, 2019 on our consideration of Wiseburn 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 Wiseburn 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 Wiseburn Unified School District's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
December 3, 2019

# WISEBURN UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

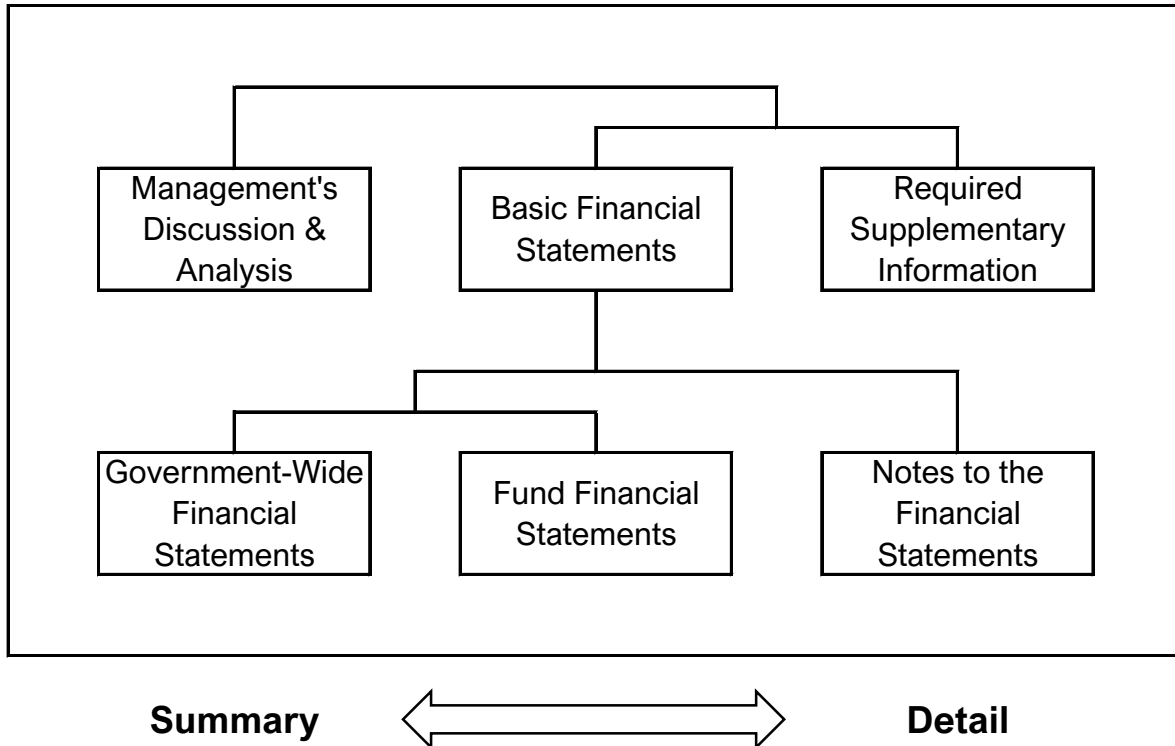
Our discussion and analysis of Wiseburn Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- At June 30, 2019, total net position was \$50,600,585 for governmental activities and \$(2,117,066) for business-type activities. This was a decrease of \$4,693,553 from the prior year for governmental activities and a decrease of \$755,463 from the prior year for business-type activities.
- For governmental activities, overall expenses were \$44,903,303, which exceeded overall revenues of \$40,238,785.
- The District accounts for the Wiseburn Child Development Center within business-type activities. Overall expenses for business-type activities were \$3,062,916, which exceeded total revenues of \$2,278,418.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financials Section





**WISEBURN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financials Section (continued)**

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

**Government-Wide Statements**

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control funding formula and federal and state grants finance most of these activities.

**WISEBURN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's combined net position was \$48,483,519 at June 30, 2019, as reflected separately among governmental and business-type activities in the table below. Of this amount, \$(67,697,507) was unrestricted for governmental activities and \$(2,117,066) was unrestricted for business-type activities. 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 that net position for day-to-day operations.

	Governmental Activities			Business-Type Activities		
	2019	2018	Net Change	2019	2018	Net Change
<b>ASSETS</b>						
Current and other assets	\$ 23,747,010	\$ 40,294,935	\$ (16,547,925)	\$ 407,377	\$ 363,867	\$ 43,510
Capital assets	236,812,497	223,640,134	13,172,363	-	-	-
<b>Total Assets</b>	<b>260,559,507</b>	<b>263,935,069</b>	<b>(3,375,562)</b>	<b>407,377</b>	<b>363,867</b>	<b>43,510</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>15,562,081</b>	<b>17,286,026</b>	<b>(1,723,945)</b>	<b>344,844</b>	<b>708,028</b>	<b>(363,184)</b>
<b>LIABILITIES</b>						
Current liabilities	14,428,811	16,125,384	(1,696,573)	350,079	292,491	57,588
Long-term liabilities	209,454,181	208,573,064	881,117	2,496,636	2,124,126	372,510
<b>Total Liabilities</b>	<b>223,882,992</b>	<b>224,698,448</b>	<b>(815,456)</b>	<b>2,846,715</b>	<b>2,416,617</b>	<b>430,098</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,638,011</b>	<b>1,228,509</b>	<b>409,502</b>	<b>22,572</b>	<b>16,881</b>	<b>5,691</b>
<b>NET POSITION</b>						
Net investment in capital assets	109,499,461	99,359,524	10,139,937	-	-	-
Restricted	8,798,631	14,473,261	(5,674,630)	-	-	-
Unrestricted	(67,697,507)	(58,538,647)	(9,158,860)	(2,117,066)	(1,361,603)	(755,463)
<b>Total Net Position</b>	<b>\$ 50,600,585</b>	<b>\$ 55,294,138</b>	<b>\$ (4,693,553)</b>	<b>\$ (2,117,066)</b>	<b>\$ (1,361,603)</b>	<b>\$ (755,463)</b>

**WISEBURN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below presents the information from the Statement and rearranges the categories slightly, so you can see our total revenues, expenses, and special items for the year.

As shown separately among governmental and business-type activities in the table below, the District's total combined revenues were \$42,517,203. Program revenues from grants and contributions were approximately 8% of the District's total revenues for 2018-19. Revenues from local control funding formula state aid and property taxes were 80% and miscellaneous local sources were 7%. Charges for services accounted for the remaining 5%.

	Governmental Activities			Business-Type Activities		
	2019	2018	Net Change	2019	2018	Net Change
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ -	\$ -	\$ -	\$ 2,170,183	\$ 1,891,498	\$ 278,685
Operating grants and contributions	3,304,147	3,637,847	(333,700)	-	1,697	(1,697)
Capital grants and contributions	16,515	9,817	6,698	-	-	-
General revenues						
Property taxes	23,012,568	22,370,395	642,173	-	-	-
Unrestricted federal and state aid	11,197,071	11,382,144	(185,073)	-	-	-
Other	2,708,484	1,680,958	1,027,526	108,235	47,363	60,872
<b>Total Revenues</b>	<b>40,238,785</b>	<b>39,081,161</b>	<b>1,157,624</b>	<b>2,278,418</b>	<b>1,940,558</b>	<b>337,860</b>
<b>EXPENSES</b>						
Instruction	19,423,893	17,613,885	1,810,008	-	-	-
Instruction-related services	3,153,944	2,647,726	506,218	-	-	-
Pupil services	3,751,353	3,522,474	228,879	-	-	-
General administration	3,657,695	2,566,988	1,090,707	-	-	-
Plant services	2,429,735	2,722,152	(292,417)	-	-	-
Ancillary and community services	29,276	91,263	(61,987)	-	-	-
Debt service	10,116,665	9,091,634	1,025,031	-	-	-
Other outgo	369,884	292,380	77,504	-	-	-
Depreciation	2,164,510	2,037,874	126,636	-	-	-
Enterprise activities	(193,652)	-	(193,652)	3,062,916	2,317,629	745,287
<b>Total Expenses</b>	<b>44,903,303</b>	<b>40,586,376</b>	<b>4,316,927</b>	<b>3,062,916</b>	<b>2,317,629</b>	<b>745,287</b>
Transfers & special items	(29,035)	-	(29,035)	29,035	-	29,035
<b>Change in net position</b>	<b>(4,693,553)</b>	<b>(1,505,215)</b>	<b>(3,188,338)</b>	<b>(755,463)</b>	<b>(377,071)</b>	<b>(378,392)</b>
<b>Net Position - Beginning</b>	<b>55,294,138</b>	<b>56,799,353</b>	<b>(1,505,215)</b>	<b>(1,361,603)</b>	<b>(984,532)</b>	<b>(377,071)</b>
<b>Net Position - Ending</b>	<b>\$ 50,600,585</b>	<b>\$ 55,294,138</b>	<b>\$ (4,693,553)</b>	<b>\$ (2,117,066)</b>	<b>\$ (1,361,603)</b>	<b>\$ (755,463)</b>

**WISEBURN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

The total cost of all programs and services was \$47,966,219, as shown separately among governmental and business-type activities in the table on the previous page. The District's expenses are predominately related to educating and caring for students (47%). The costs associated with debt services, such as interest on long-term liabilities, accounted for 21%. Pupil services (including transportation and food) account for 8% of total expenses. Administrative activities accounted for another 8% of total expenses. Plant services, which represent the facilities maintenance and operations costs, account for 5% of the District's total expenses. The remaining expenses were for enterprise activities, ancillary, and community services, and other outgo (12%).

The cost of all our governmental activities this year was \$44,903,303. The net cost of those services was \$41,582,641. The cost paid by other governments and organizations who subsidized certain programs with grants and contributions was \$3,304,147.

	<b>Net Cost of Services</b>	
	<b>2019</b>	<b>2018</b>
Instruction	\$ 17,128,707	15,280,991
Instruction-related services	3,016,923	2,537,714
Pupil services	2,902,622	2,617,439
General administration	3,628,412	2,546,303
Plant services	2,390,560	2,518,102
Ancillary and community services	29,238	90,137
Debt service	10,116,665	9,091,634
Transfers to other agencies	205,004	218,518
Depreciation	2,164,510	2,037,874
<b>Total Expenses</b>	<b>\$ 41,582,641</b>	<b>\$ 36,938,712</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$17,912,187, which is less than last year's ending fund balance of \$32,347,406. The District's General Fund had \$544,494 more in operating revenues than expenditures for the year ended June 30, 2019. For the year ended June 30, 2019, the District's Bond Building Fund had \$8,822,529 less in operating revenues than expenditures. The District's Bond Interest and Redemption Fund had \$352,529 less in operating revenues than expenditures for the year ended June 30, 2019.

**CURRENT YEAR BUDGET 2018-19**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**WISEBURN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2018-19, the District had invested \$236,812,497 in capital assets, net of accumulated depreciation. Capital assets for governmental activities included land improvements, buildings, and as well as non-depreciable assets such as land and construction in progress. There were no capital assets for business-type activities as of June 30, 2019. Total depreciation expense for the year was \$2,164,510.

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 27,335,988	\$ 27,335,988	\$ -
Construction in progress	136,014,227	121,296,702	14,717,525
Land improvements	6,247,713	5,775,695	472,018
Buildings & improvements	92,695,355	92,606,697	88,658
Furniture & equipment	1,806,290	1,747,618	58,672
Accumulated depreciation	(27,287,076)	(25,122,566)	(2,164,510)
<b>Total Capital Assets</b>	<b>\$236,812,497</b>	<b>\$223,640,134</b>	<b>\$ 13,172,363</b>

**Long-Term Liabilities**

At the end of 2018-19, the District had \$211,950,817 in combined long-term liabilities as shown separately among governmental and business-type activities in the below. This was an increase of roughly 1% from last year that is mainly attributed to the total OPEB liability. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>			<b>Business-Type Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Net Change</b>	<b>2019</b>	<b>2018</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>						
Total general obligation bonds	\$180,442,157	\$180,859,407	\$ (417,250)	\$ -	\$ -	\$ -
Compensated absences	180,417	148,505	31,912	-	-	-
Total OPEB liability	5,352,132	3,800,007	1,552,125	-	-	-
Net pension liability	30,086,336	29,931,384	154,952	2,496,636	2,124,126	372,510
Less: current portion of long-term debt	(6,606,861)	(6,166,239)	(440,622)	-	-	-
<b>Total Long-term Liabilities</b>	<b>\$209,454,181</b>	<b>\$208,573,064</b>	<b>\$ 881,117</b>	<b>\$ 2,496,636</b>	<b>\$ 2,124,126</b>	<b>\$ 372,510</b>

**WISEBURN UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

The US economy continues to grow slowly, but the State economic growth is slowing down due to low levels of available employees. However, the State is still experiencing overall economic prosperity. The State Budget for Education contained an increase of 3.26% in fiscal year 2019-20, plus \$3.15 billion in non-Proposition 98 funding for school employer pension relief.

The fiscal policy for the funding of public education changes annually, based on fluctuations in State revenues. The UCLA Anderson Forecast (June 2019) noted that the risk of recession is about 50% within the next 5-8 quarters depending on the model, the biggest economic threat being from the escalating trade war with China and Mexico. If a recession were to happen, State revenues for public education would be negatively impacted.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2019. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans received a one-time funding allocation from the 2019-20 State Budget and continue to raise employer rates in future years. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2019-20 fiscal year.

**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 District's business office at (310) 725-2101 or 201 North Douglas Street, El Segundo, CA 90245.

**WISEBURN UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 21,406,646	\$ 390,785	\$ 21,797,431
Accounts receivable	2,209,112	16,592	2,225,704
Inventory	25,115	-	25,115
Other current assets	106,137	-	106,137
Capital assets, not depreciated	163,350,215	-	163,350,215
Capital assets, net of accumulated depreciation	73,462,282	-	73,462,282
<b>Total Assets</b>	<b>260,559,507</b>	<b>407,377</b>	<b>260,966,884</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	9,071,536	344,844	9,416,380
Deferred amount on refunding	6,490,545	-	6,490,545
<b>Total Deferred Outflows of Resources</b>	<b>15,562,081</b>	<b>344,844</b>	<b>15,906,925</b>
<b>LIABILITIES</b>			
Accrued liabilities	7,814,054	149,137	7,963,191
Unearned revenue	7,896	200,942	208,838
Long-term liabilities, current portion	6,606,861	-	6,606,861
Long-term liabilities, non-current portion	209,454,181	2,496,636	211,950,817
<b>Total Liabilities</b>	<b>223,882,992</b>	<b>2,846,715</b>	<b>226,729,707</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,638,011	22,572	1,660,583
<b>Total Deferred Inflows of Resources</b>	<b>1,638,011</b>	<b>22,572</b>	<b>1,660,583</b>
<b>NET POSITION</b>			
Net investment in capital assets	109,499,461	-	109,499,461
Restricted:			
Capital projects	467,817	-	467,817
Debt service	7,118,780	-	7,118,780
Educational programs	1,059,072	-	1,059,072
All others	152,962	-	152,962
Unrestricted	(67,697,507)	(2,117,066)	(69,814,573)
<b>Total Net Position</b>	<b>\$ 50,600,585</b>	<b>\$ (2,117,066)</b>	<b>\$ 48,483,519</b>

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

**WISEBURN UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
Instruction	\$ 19,230,241	\$ -	\$ 2,085,019	\$ 16,515	\$ (17,128,707)		
Instruction-related services							
Instructional supervision and administration	730,056	-	92,818	-	(637,238)		
Instructional library, media, and technology	709,869	-	44,203	-	(665,666)		
School site administration	1,714,019	-	-	-	(1,714,019)		
Pupil services							
Home-to-school transportation	57,108	-	14,459	-	(42,649)		
Food services	903,219	-	369,154	-	(534,065)		
All other pupil services	2,791,026	-	465,118	-	(2,325,908)		
General administration							
Centralized data processing	72,258	-	-	-	(72,258)		
All other general administration	3,585,437	-	29,283	-	(3,556,154)		
Plant services	2,429,735	-	39,175	-	(2,390,560)		
Ancillary services	11,697	-	38	-	(11,659)		
Community services	17,579	-	-	-	(17,579)		
Interest on long-term debt	10,116,665	-	-	-	(10,116,665)		
Other outgo	369,884	-	164,880	-	(205,004)		
Depreciation (unallocated)	2,164,510	-	-	-	(2,164,510)		
<b>Total Governmental Activities</b>	<b>\$ 44,903,303</b>	<b>\$ -</b>	<b>\$ 3,304,147</b>	<b>\$ 16,515</b>	<b>(41,582,641)</b>		
<b>BUSINESS-TYPE ACTIVITIES</b>							
Enterprise activities	3,062,916	2,170,183	-	-	(892,733)		
<b>Total Business-Type Activities</b>	<b>3,062,916</b>	<b>2,170,183</b>	<b>-</b>	<b>-</b>	<b>(892,733)</b>		
<b>Total School District</b>	<b>\$ 47,966,219</b>	<b>\$ 2,170,183</b>	<b>\$ 3,304,147</b>	<b>\$ 16,515</b>	<b>\$ (42,475,374)</b>		
General revenues							
Taxes and subventions							
Property taxes, levied for general purposes				10,857,763	-	10,857,763	
Property taxes, levied for debt service				9,713,703	-	9,713,703	
Property taxes, levied for other specific purposes				2,441,102	-	2,441,102	
Federal and state aid not restricted for specific purposes				11,197,071	-	11,197,071	
Interest and investment earnings				415,732	3,781	419,513	
Interagency revenues				-	104,454	104,454	
Miscellaneous				2,292,752	-	2,292,752	
<b>Subtotal, General Revenue</b>				<b>36,918,123</b>	<b>108,235</b>	<b>37,026,358</b>	
<b>Change in net position before transfers &amp; special items</b>				<b>(4,664,518)</b>	<b>(784,498)</b>	<b>(5,449,016)</b>	
Internal transfers				(29,035)	29,035	-	
<b>Total Transfers &amp; Special Items</b>				<b>(29,035)</b>	<b>29,035</b>	<b>-</b>	
<b>CHANGE IN NET POSITION</b>				<b>(4,693,553)</b>	<b>(755,463)</b>	<b>(5,449,016)</b>	
<b>Net Position - Beginning</b>				<b>55,294,138</b>	<b>(1,361,603)</b>	<b>53,932,535</b>	
<b>Net Position - Ending</b>				<b>\$ 50,600,585</b>	<b>\$ (2,117,066)</b>	<b>\$ 48,483,519</b>	

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



**WISEBURN UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 11,227,598	\$ 500,350	\$ 9,105,907	\$ 572,791	\$ 21,406,646
Accounts receivable	2,033,304	83,451	-	92,357	2,209,112
Stores inventory	25,115	-	-	-	25,115
Other current assets	106,137	-	-	-	106,137
<b>Total Assets</b>	<b>\$ 13,392,154</b>	<b>\$ 583,801</b>	<b>\$ 9,105,907</b>	<b>\$ 665,148</b>	<b>\$ 23,747,010</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 5,761,745	\$ 20,813	\$ -	\$ 44,369	\$ 5,826,927
Unearned revenue	7,896	-	-	-	7,896
<b>Total Liabilities</b>	<b>5,769,641</b>	<b>20,813</b>	<b>-</b>	<b>44,369</b>	<b>5,834,823</b>
<b>FUND BALANCES</b>					
Nonspendable	32,615	-	-	-	32,615
Restricted	1,059,072	562,988	9,105,907	620,779	11,348,746
Assigned	3,689,846	-	-	-	3,689,846
Unassigned	2,840,980	-	-	-	2,840,980
<b>Total Fund Balances</b>	<b>7,622,513</b>	<b>562,988</b>	<b>9,105,907</b>	<b>620,779</b>	<b>17,912,187</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,392,154</b>	<b>\$ 583,801</b>	<b>\$ 9,105,907</b>	<b>\$ 665,148</b>	<b>\$ 23,747,010</b>

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

**WISEBURN UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
JUNE 30, 2019**

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**Total Fund Balance - Governmental Funds** \$ 17,912,187

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 264,099,573	
Accumulated depreciation	(27,287,076)	236,812,497

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

6,490,545

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(1,987,127)

Long-term liabilities:

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

Total general obligation bonds	\$ 180,442,157	
Compensated absences	180,417	
Total OPEB liability	5,352,132	
Net pension liability	30,086,336	(216,061,042)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 9,071,536	
Deferred inflows of resources related to pensions	(1,638,011)	7,433,525

**Total Net Position - Governmental Activities** \$ 50,600,585

**WISEBURN 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	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCHF sources	\$ 21,031,848	\$ -	\$ -	\$ -	\$ 21,031,848
Federal sources	1,045,670	-	-	480,345	1,526,015
Other state sources	4,707,936	4,331	18,963	32,542	4,763,772
Other local sources	4,087,869	107,443	9,810,777	615,522	14,621,611
<b>Total Revenues</b>	<b>30,873,323</b>	<b>111,774</b>	<b>9,829,740</b>	<b>1,128,409</b>	<b>41,943,246</b>
<b>EXPENDITURES</b>					
Current					
Instruction	19,448,642	-	-	-	19,448,642
Instruction-related services					
Instructional supervision and administration	746,932	-	-	-	746,932
Instructional library, media, and technology	574,386	-	-	-	574,386
School site administration	1,497,191	-	-	-	1,497,191
Pupil services					
Home-to-school transportation	57,108	-	-	-	57,108
Food services	810	-	-	878,220	879,030
All other pupil services	2,802,265	-	-	-	2,802,265
General administration					
Centralized data processing	72,258	-	-	-	72,258
All other general administration	2,344,322	-	-	-	2,344,322
Plant services					
Facilities acquisition and maintenance	84,877	8,912,855	-	5,955,666	14,953,398
Ancillary services	12,376	-	-	-	12,376
Community services	17,579	-	-	-	17,579
Enterprise activities	(809)	-	-	-	(809)
Transfers to other agencies	369,884	-	-	-	369,884
Debt service					
Principal	-	-	5,465,415	-	5,465,415
Interest and other	-	-	4,716,854	-	4,716,854
<b>Total Expenditures</b>	<b>30,328,829</b>	<b>8,934,303</b>	<b>10,182,269</b>	<b>6,904,029</b>	<b>56,349,430</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>544,494</b>	<b>(8,822,529)</b>	<b>(352,529)</b>	<b>(5,775,620)</b>	<b>(14,406,184)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers out	(29,035)	-	-	-	(29,035)
<b>Net Financing Sources (Uses)</b>	<b>(29,035)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,035)</b>
<b>NET CHANGE IN FUND BALANCE</b>					
	515,459	(8,822,529)	(352,529)	(5,775,620)	(14,435,219)
<b>Fund Balance - Beginning</b>	<b>7,107,054</b>	<b>9,385,517</b>	<b>9,458,436</b>	<b>6,396,399</b>	<b>32,347,406</b>
<b>Fund Balance - Ending</b>	<b>\$ 7,622,513</b>	<b>\$ 562,988</b>	<b>\$ 9,105,907</b>	<b>\$ 620,779</b>	<b>\$ 17,912,187</b>

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

**WISEBURN 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**

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**Net Change in Fund Balances - Governmental Funds** \$ (14,435,219)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

**Capital outlay:**

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$	15,336,873	
Depreciation expense:		<u>(2,164,510)</u>	13,172,363

**Debt service:**

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

5,465,415

**Deferred amounts on refunding:**

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(376,135)

**Unmatured interest on long-term debt:**

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

24,489

**Accreted interest on long-term debt:**

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(5,748,988)

**Compensated absences:**

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(31,912)

*(Continued on the following page)*

**WISEBURN 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**

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Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (1,552,125)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (1,912,264)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 700,823

<b>Change in Net Position of Governmental Activities</b>		<b>\$ (4,693,553)</b>
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**WISEBURN UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019**

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	<b>Business-Type Activities</b>
	<b>Wiseburn Child Development Center</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 390,785
Accounts receivable	16,592
Total current assets	<u>407,377</u>
<b>Total Assets</b>	<u>407,377</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>344,844</u>
<b>Total Deferred Outflows of Resources</b>	<u>344,844</u>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	149,137
Unearned revenue	200,942
Total current liabilities	<u>350,079</u>
Non-current liabilities	
Net pension liability	<u>2,496,636</u>
Total non-current liabilities	<u>2,496,636</u>
<b>Total Liabilities</b>	<u>2,846,715</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>22,572</u>
<b>Total Deferred Inflows of Resources</b>	<u>22,572</u>
<b>NET POSITION</b>	
Restricted	<u>(2,117,066)</u>
<b>Total Net Position</b>	<u>\$ (2,117,066)</u>

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

**WISEBURN UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2019**

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	<b>Business-Type Activities</b>
	<b>Wiseburn Child Development Center</b>
<b>OPERATING REVENUE</b>	
Charges for services	\$ 2,170,183
Other local revenues	104,454
<b>Total operating revenues</b>	<u>2,274,637</u>
<b>OPERATING EXPENSE</b>	
Salaries and benefits	2,919,136
Supplies and materials	89,725
Professional services	54,055
<b>Total operating expenses</b>	<u>3,062,916</u>
<b>Operating income/(loss)</b>	<u>(788,279)</u>
<b>NON-OPERATING REVENUES</b>	
Interest income	3,781
Transfers in	29,035
<b>Total non-operating revenues/(expenses)</b>	<u>32,816</u>
<b>CHANGE IN NET POSITION</b>	(755,463)
<b>Net Position - Beginning</b>	<u>(1,361,603)</u>
<b>Net Position - Ending</b>	<u>\$ (2,117,066)</u>

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

**WISEBURN UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2019**

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	<b>Business-Type Activities</b>
	<b>Wiseburn Child Development Center</b>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 2,622,873
Cash payments for payroll, insurance, and operating costs	(2,627,127)
Net cash provided by (used for) operating activities	<u>(4,254)</u>
<b>Cash flows from non-capital financing activities</b>	
Interfund transfers in (out)	29,035
Net cash provided by (used for) non-capital financing activities	<u>29,035</u>
<b>Cash flows from investing activities</b>	
Interest received	3,781
Net cash provided by (used for) investing activities	<u>3,781</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>28,562</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	362,223
End of year	<u>\$ 390,785</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ (788,279)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(14,948)
(Increase) decrease in deferred outflows of resources	363,184
Increase (decrease) in accounts payable	20,114
Increase (decrease) in unearned revenue	37,474
Increase (decrease) in net pension liability	372,510
Increase (decrease) in deferred inflows of resources	5,691
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (4,254)</u>

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



**WISEBURN UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019**

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	<b>Agency Funds</b>	
	<b>Warrant/Pass- through Fund</b>	<b>Student Body Fund</b>
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 43,769
Prepaid expenses	123,515	-
<b>Total Assets</b>	<b>\$ 123,515</b>	<b>\$ 43,769</b>
<b>LIABILITIES</b>		
Deficit cash	\$ 123,515	\$ -
Due to student groups	-	43,769
<b>Total Liabilities</b>	<b>\$ 123,515</b>	<b>\$ 43,769</b>

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

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

**A. Financial Reporting Entity**

The Wiseburn Unified School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

During a local election on November 5, 2013, Measure W was proposed by the Wiseburn School District and the District voters approved the formation of the Wiseburn Unified School District, whereas the District was reorganized to form a unified school district covering territory formerly covered by the Centinela Valley Union High School District. Following the unification, effective July 1, 2014, the Wiseburn School District began operation as the Wiseburn Unified School District.

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete. The District has no such component units.

**C. Other Related Entities**

**Education Foundation**

The District receives local contributions from the Wiseburn Education Foundation (the “Foundation”). The Foundation is a tax-exempt organization under IRS code section 501(c)(3) with the primary exempt purpose to provide additional financial support to the Wiseburn Unified School District. The relationship between the District and the Foundation is such that the Foundation is not a component unit of the District for financial reporting purposes. The Foundation is governed by a five-member board comprised of parents and other individual supporters of the District whom do not currently serve on the District governing board.

**Joint Power Authority (JPA)**

The District is exposed to various loss related: torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District participates in JPAs to manage these risks. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs are governed by boards consisting of representatives from the member agencies. These boards control the operations of the JPAs, including selection of management and approval of budgets, independent of any influence by the member agencies beyond their representation on the board. Each district pays premiums commensurate with the level of coverage or service requested, and shares surpluses and deficits proportionate to its participation in the JPAs.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Presentation**

**Government-Wide Statements**

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Major Governmental Funds

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

**Building Fund:** This 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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be 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:** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Presentation (continued)**

**Proprietary Funds**

**Enterprise Funds:** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

**Wiseburn Child Development Fund:** The childcare and preschool program may be accounted for using an enterprise fund rather than a special revenue child development fund, because the primary source of financing comes from local fees and contracts rather than federal and state program revenues.

**Fiduciary Funds**

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

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

**Warrant/Pass-Through Fund:** This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

**E. Basis of Accounting – Measurement Focus**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Basis of Accounting – Measurement Focus (continued)**

**Governmental Funds**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the 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 that have not met eligibility requirements 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.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

**WISEBURN UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position**

**Cash and Cash Equivalents**

The District’s cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

**Investments**

Investments 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 and State investment pools are determined by the program sponsor.

**Inventories**

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Compensated Absences**

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

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 – June 30, 2019

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.



**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Interfund Balances**

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

**Premiums and Discounts**

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions**

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

**Fund Balance**

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

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

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

**WISEBURN UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Fund Balance (continued)**

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

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

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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 columns of the statement of activities.

**H. 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.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Budgetary Data**

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

**J. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**K. New Accounting Pronouncements**

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

**GASB Statement No. 88** – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has implemented GASB Statement No. 88 for the year ended June 30, 2019.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

Cash and cash equivalents at June 30, 2019 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>
Investment in county treasury	\$ 21,386,818	\$ 381,256	\$ -
Cash on hand and in banks	12,328	9,529	43,769
Cash with fiscal agent	7,500	-	-
<b>Total cash and investments</b>	<u>\$ 21,406,646</u>	<u>\$ 390,785</u>	<u>\$ 43,769</u>

**B. Policies and Practices**

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

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; collateralized mortgage obligations; and the County Investment Pool.

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Los Angeles County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$21,747,194 and an amortized book value of \$21,768,074 for governmental and business-type activities. The average weighted maturity for this pool is 547 days.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**D. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2019, the pooled investments in the County Treasury were not rated.

**E. General Authorizations**

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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

**F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance was not exposed to custodial credit risk.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**G. Fair Value**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 reasonable 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 Los Angeles County Treasury Investment Pool 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 at June 30, 2019 were as follows:

	<b>Uncategorized</b>
Investment in county treasury	<u>\$ 21,747,194</u>
<b>Total fair market value of investments</b>	<u><b>\$ 21,747,194</b></u>

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2019 consisted of the following:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Federal Government					
Categorical aid	\$ 516,692	\$ -	\$ 73,537	\$ 590,229	\$ -
State Government					
Categorical aid	263,830	-	-	263,830	-
Lottery	122,598	-	-	122,598	-
Local Government					
Other local sources	1,130,184	83,451	18,820	1,232,455	16,592
<b>Total</b>	<u>\$ 2,033,304</u>	<u>\$ 83,451</u>	<u>\$ 92,357</u>	<u>\$ 2,209,112</u>	<u>\$ 16,592</u>

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Balance July 01, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 27,335,988	\$ -	\$ -	\$ 27,335,988
Construction in progress	121,296,702	14,717,525	-	136,014,227
Total Capital Assets not Being Depreciated	148,632,690	14,717,525	-	163,350,215
Capital assets being depreciated				
Land improvements	5,775,695	472,018	-	6,247,713
Buildings & improvements	92,606,697	88,658	-	92,695,355
Furniture & equipment	1,747,618	58,672	-	1,806,290
Total Capital Assets Being Depreciated	100,130,010	619,348	-	100,749,358
Less Accumulated Depreciation				
Land improvements	1,957,555	383,795	-	2,341,350
Buildings & improvements	22,111,421	1,678,347	-	23,789,768
Furniture & equipment	1,053,590	102,368	-	1,155,958
Total Accumulated Depreciation	25,122,566	2,164,510	-	27,287,076
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 223,640,134</b>	<b>\$ 13,172,363</b>	<b>\$ -</b>	<b>\$ 236,812,497</b>

Total depreciation for the year ended June 30, 2019 amounted to \$2,164,510 and remains unallocated among any function or program within the Change in Net Position of Governmental Activities.

**NOTE 5 – INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2019 consisted of a transfer from the General Fund to the Wiseburn Child Development Center Enterprise Fund in the amount of \$29,035 for construction portables.

**NOTE 6 – ACCRUED LIABILITIES**

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

	<b>General Fund</b>	<b>Building Fund</b>	<b>Non-Major Governmental Funds</b>		<b>Governmental Activities</b>	<b>Business-Type Activities</b>
			<b>District-Wide</b>			
Payroll	\$ 2,232,967	\$ -	\$ 20,514	\$ -	\$ 2,253,481	\$ 133,979
Construction	-	20,813	2,857	-	23,670	-
Vendors payable	3,528,778	-	20,998	-	3,549,776	15,158
Unmatured interest	-	-	-	1,987,127	1,987,127	-
<b>Total</b>	<b>\$ 5,761,745</b>	<b>\$ 20,813</b>	<b>\$ 44,369</b>	<b>\$ 1,987,127</b>	<b>\$ 7,814,054</b>	<b>\$ 149,137</b>

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue for business-type activities of \$200,942 consisted fully of prepaid tuition fees for childcare services from the Wiseburn Child Development Center. Unearned revenues for governmental activities consisted of \$7,896 in the General Fund related to local sources.

**NOTE 8 – LONG-TERM LIABILITIES**

For governmental activities, a schedule of changes in long-term liabilities for the year ended June 30, 2019 consisted of the following:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 132,865,644	\$ -	\$ 5,465,415	\$ 127,400,229	\$ 5,906,038
Unamortized premium	7,667,163	-	700,823	6,966,340	700,823
Accreted interest	40,326,600	\$ 5,748,988	-	46,075,588	-
Total general obligation bonds	180,859,407	5,748,988	6,166,238	180,442,157	6,606,861
Compensated absences	148,505	31,912	-	180,417	-
Total OPEB liability	3,800,007	1,552,125	-	5,352,132	-
Net pension liability	29,931,384	154,952	-	30,086,336	-
<b>Total</b>	<b>\$ 214,739,303</b>	<b>\$ 7,487,977</b>	<b>\$ 6,166,238</b>	<b>\$ 216,061,042</b>	<b>\$ 6,606,861</b>

Additionally, long-term debt activity related to business-type activities for the year ended June 30, 2019 is as follows:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Balance Due In One Year
<b>Business-Type Activities</b>					
Net pension liability	\$ 2,124,126	\$ 372,510	\$ -	\$ 2,496,636	\$ -
<b>Total</b>	<b>\$ 2,124,126</b>	<b>\$ 372,510</b>	<b>\$ -</b>	<b>\$ 2,496,636</b>	<b>\$ -</b>

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2019 amounted to \$180,417. This amount is included as part of long-term liabilities in the government-wide financial statements. Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**B. Net Pension Liability**

The ending net pension liability at June 30, 2019 was \$32,582,972 for the District, which includes \$30,086,336 attributed to governmental activities and \$2,496,636 for business-type activities. See Note 11 for additional information regarding the net pension liability.

**C. Other Postemployment Benefits**

The District's beginning total OPEB liability was \$3,800,007 and increased by \$1,552,125 during the year ended June 30, 2019. The ending total OPEB liability at June 30, 2019 was \$5,352,132. See Note 10 for additional information regarding the total OPEB liability.



**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**D. General Obligation Bonds**

Payments for bonds associated with general obligation bonds are made in the Bond Interest and Redemption Fund. The outstanding bonded debt of Wiseburn Unified School District at June 30, 2019 is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2019
					Outstanding July 01, 2018	Additions	Deductions	
1997A	8/1/1997	8/1/2022	4.5 - 6.875%	\$ 10,996,021	\$ 2,351,522	\$ 131,114	\$ -	\$ 2,482,636
1999A	8/1/1999	8/1/2024	3.8 - 6.0%	3,103,182	4,059,754	1,187	112,230	3,948,711
2000A	11/15/2000	8/1/2025	3.75 - 5.25%	23,817,574	3,250,832	297,474	-	3,548,306
2001	11/14/2001	8/1/2026	3.75 - 5.25%	11,181,598	11,882,293	323,119	351,096	11,854,316
2007A	8/23/2007	8/1/2032	4.0 - 5.0%	20,056,687	23,060,959	1,875,382	-	24,936,341
2008A	9/4/2008	8/1/2033	3.0 - 4.5%	12,540,713	12,700,032	629,380	490,000	12,839,412
2010A	12/29/2010	8/1/2025	5.75%	10,942,983	1,417,726	320,118	88,786	1,649,058
2011B	5/4/2011	8/1/2036	5.25 - 5.625%	33,440,410	22,154,875	1,966,691	133,303	23,988,263
2012C	12/27/2012	8/1/2038	3.0 - 5.0%	37,605,135	35,939,251	204,523	1,115,000	35,028,774
2013D	12/20/2013	8/1/2033	2.0 - 5.0%	5,325,000	4,990,000	-	135,000	4,855,000
2015A Refunding	2/25/2015	8/1/2026	2.0 - 5.0%	5,590,000	5,410,000	-	160,000	5,250,000
2015B Refunding	5/5/2015	8/1/2021	2.0 - 5.0%	14,585,000	9,560,000	-	2,680,000	6,880,000
2016 Refunding	5/31/2016	8/1/2041	2.0 - 5.0%	37,280,000	36,415,000	-	200,000	36,215,000
General obligation bonds					\$ 173,192,244	\$ 5,748,988	\$ 5,465,415	\$ 173,475,817
Unamortized premium					7,667,163	-	700,823	6,966,340
					\$ 180,859,407	\$ 5,748,988	\$ 6,166,238	\$ 180,442,157

**Election of 1997**

On March 4, 1997, the District voters authorized \$14.1 million in General Obligation Bonds under Measure W for the remodeling, new construction and renovations detailed in the facilities plan. On August 1, 1997, the District issued Series 1997A General Obligation Bonds in the amount of \$10,996,021. The issue consists of serial bonds with a stated interest rate ranging between 4.5% and 6.875% and fully maturing on August 1, 2022. At June 30, 2019, the principal balance outstanding was \$2,482,636, which includes \$1,686,615 of accreted interest on the capital appreciation bonds.

On August 1, 1999, the District issued Series 1999A General Obligation Bonds in the amount of \$3,103,182. The issue consists of serial bonds with a stated interest rate ranging between 3.8% and 6.0% and fully maturing on August 1, 2024. At June 30, 2019, the principal balance outstanding was \$3,948,711 which includes \$2,879,162 of accreted interest on the capital appreciation bonds.

**Election of 2000**

On June 6, 2000, the District voters authorized \$35 million in General Obligation Bonds under Measure E for the remodeling, new construction and renovations detailed in the facilities plan. On November 15, 2000, the District issued 2000 Series A General Obligation Bonds in the amount of \$23,817,574. The issue consists of serial bonds with a stated interest rate ranging between 3.75% and 5.25% and fully maturing on August 1, 2025. At June 30, 2019, the principal balance outstanding was \$3,548,306, which includes \$2,795,732 of accreted interest on the capital appreciation bonds.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**D. General Obligation Bonds (continued)**

**Election of 2000 (continued)**

On November 14, 2001, the District issued Series 2001 General Obligation Bonds in the amount of \$11,181,598. The issue consists of serial bonds with a stated interest rate ranging between 3.75% and 5.25% and fully maturing on August 1, 2026. At June 30, 2019, the principal balance outstanding was \$11,854,316, which includes \$7,540,825 of accreted interest on the capital appreciation bonds.

**Election of 2007**

Under a special election on June 12, 2007, the District voters authorized \$32.6 million in General Obligation Bonds under Measure A to construct, acquire, and improve District facilities. On August 23, 2007, the District issued 2007 Series A General Obligation Bonds in the amount of \$20,056,687. The issue consists of serial bonds with a stated interest rate ranging between 4.0% and 5.0% and fully maturing on August 1, 2032. A portion of this bond was defeased during 2014-15 (refer to comments on Refunding 2015A & B). At June 30, 2019, the principal balance outstanding was \$24,936,341, which includes \$11,199,654 of accreted interest on the capital appreciation bonds.

On September 4, 2008, the District issued 2008 Series A General Obligation Bonds in the amount of \$12,540,713. The issue consists of serial bonds with a stated interest rate ranging between 3.0% and 4.5% and fully maturing on August 1, 2033. A portion of this bond was defeased during 2015-16 (refer to comments on Refunding 2016). At June 30, 2019, the principal balance outstanding was \$12,839,412, which includes \$5,948,699 of accreted interest on the capital appreciation bonds.

**Election of 2010**

On November 2, 2010, the District voters authorized \$87 million in General Obligation Bonds under Measure AA to finance the construction and improvement of District facilities and to build a new high school. On December 29, 2010, the District issued 2010 Series A General Obligation Bonds in the amount of \$10,942,983. The issue consists of serial bonds with a stated interest rate of 5.75% and fully maturing on August 1, 2040. A portion of this bond was defeased during 2015-16 (refer to comments on Refunding 2016), which accelerated the maturity date to August 1, 2025. At June 30, 2019, the principal balance outstanding was \$1,649,058, which includes accreted interest of \$1,042,978.

On May 4, 2011, the District issued 2011 Series B General Obligation Bonds in the amount of \$33,440,410. The issue consists of serial bonds with a stated interest rate ranging between 5.25% and 5.625% and fully maturing on August 1, 2041. A portion of this bond was defeased during 2015-16 (refer to comments on Refunding 2016), which accelerated the maturity date to August 1, 2036. At June 30, 2019, the principal balance outstanding was \$23,988,263, which includes accreted interest of \$10,838,284.

On December 27, 2012, the District issued 2011 Series C General Obligation Bonds in the amount of \$37,605,135. The issue consists of serial bonds with a stated interest rate ranging between 3.0% and 5.0% and fully maturing on August 1, 2038. At June 30, 2019, the principal balance outstanding was \$35,028,774, which includes accreted interest of \$2,143,639.

On December 20, 2013, the District issued 2013 Series D General Obligation Bonds in the amount of \$5,325,000. The issue consists of serial bonds with a stated interest rate ranging between 2.0% and 5.0% and fully maturing on August 1, 2033. At June 30, 2019, the principal balance outstanding was \$4,885,000.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**D. General Obligation Bonds (continued)**

**Refunding 2015A & B**

On February 25, 2015, the District issued \$20,175,000 of 2015 Series A and Series B General Obligation Refunding Bonds with interest rates ranging from 2.0% to 5.0%. The bonds were issued to refund portions of the District’s outstanding bonded debt previously issued from the Refunding 2005 Bonds and Election 2007A general obligation bonds. The 2015 Series A Refunding Bonds fully mature on August 1, 2026 and Series B Refunding Bonds fully mature on August 1, 2021. At June 30, 2019, the principal balance outstanding was \$14,970,000 with \$5,250,000 attributed to 2015A and \$6,880,000 attributed to 2015B. Also at June 30, 2019, there was a deferred outflow of resources for \$551,580 associated with this refunding.

**Refunding 2016**

On May 31, 2016, the District issued \$37,280,000 of 2016 General Obligation Refunding Bonds with interest rates ranging from 2.0% to 5.0%. The bonds were issued to refund portions of the District’s outstanding bonded debt previously issued from the 2008 Series A, 2010 Series A and 2011 Series B general obligation bonds. The 2016 Refunding Bonds fully mature on August 1, 2041. This refunding reduced total debt service payments by \$2,112,824 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,937,605. At June 30, 2019, the principal balance outstanding was \$36,215,000. Also at June 30, 2019, there was a deferred outflow of resources for \$5,938,965 associated with this refunding.

**Future Payments on Bonded Debt**

The annual requirements to amortize all general obligation bonds payable, outstanding as of June 30, 2019, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 5,906,038	\$ 4,646,255	\$ 10,552,293
2021	5,726,403	5,257,641	10,984,044
2022	5,580,968	5,687,626	11,268,594
2023	4,237,279	5,725,427	9,962,706
2024	4,462,770	7,559,674	12,022,444
2025 - 2029	27,963,560	41,015,930	68,979,490
2030 - 2034	30,746,455	53,844,515	84,590,970
2035 - 2039	22,186,756	49,839,899	72,026,655
2040 - 2042	20,590,000	1,671,900	22,261,900
Accretion	46,075,588	(46,075,588)	-
<b>Total</b>	<b>\$ 173,475,817</b>	<b>\$ 129,173,279</b>	<b>\$ 302,649,096</b>

**WISEBURN UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2019:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500
Stores inventory	25,115	-	-	-	25,115
Total non-spendable	32,615	-	-	-	32,615
Restricted					
Educational programs	1,059,072	-	-	-	1,059,072
Capital projects	-	562,988	-	467,817	1,030,805
Debt service	-	-	9,105,907	-	9,105,907
All others	-	-	-	152,962	152,962
Total restricted	1,059,072	562,988	9,105,907	620,779	11,348,746
Assigned					
Deferred maintenance	526,243	-	-	-	526,243
Postemployment benefits	2,766,555	-	-	-	2,766,555
Anza discretionary	38,658	-	-	-	38,658
Cabrillo discretionary	5,793	-	-	-	5,793
Burnett discretionary	24,701	-	-	-	24,701
Dana discretionary	76,081	-	-	-	76,081
Project lead the way	130,130	-	-	-	130,130
Music account	2,585	-	-	-	2,585
Gym rental	60,405	-	-	-	60,405
One time mandate funds	58,695	-	-	-	58,695
Total assigned	3,689,846	-	-	-	3,689,846
Unassigned					
Reserve for economic uncertainties	519,639	-	-	-	519,639
Remaining unassigned	2,321,341	-	-	-	2,321,341
Total unassigned	2,840,980	-	-	-	2,840,980
<b>Total</b>	<b>\$ 7,622,513</b>	<b>\$ 562,988</b>	<b>\$ 9,105,907</b>	<b>\$ 620,779</b>	<b>\$ 17,912,187</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

**WISEBURN UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The Wiseburn Unified School District substantive plan (the “Plan”) is a single employer defined benefit OPEB plan administered by the District. The Plan offers medical, dental, and life insurance as post-employment benefits to eligible employees who retire from the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**B. Benefits Provided**

The eligibility requirements and benefits provided by the Plan are described below:

**Certificated** - Retirees aged 55 with at least 15 years of service who were designated as Certificated at retirement are offered a lifetime District contribution of \$4,052 per year for medical coverage. All retirees are eligible for \$50,000 of life insurance coverage before age 65. After age 65, the amount of life insurance provided for all retirees is \$3,000 to age 70.

**Classified** - Retirees age 50 with at least 15 years of service who were designated as Classified at retirement are offered a lifetime District contribution of \$4,052 per year for medical coverage. All retirees are eligible for \$50,000 of life insurance coverage before age 65. After age 65, the amount of life insurance provided for all retirees is \$3,000 to age 70. Part-time employee’s subsidy is pro-rated based on scheduled hours worked.

**Certificated Management** - Retirees age 55 with at least 15 years of service who were designated as Certificated Management at retirement are offered a lifetime District subsidy for employee plus one medical and dental coverage up to the highest rate. All retirees are eligible for \$50,000 of life insurance coverage before age 65. After age 65, the amount of life insurance provided for all retirees is \$3,000 to age 70.

**Classified Management** - Retirees age 50 with at least 15 years of service who were designated as Classified Management at retirement are offered a lifetime District subsidy for employee plus one medical and dental coverage up to the highest rate. All retirees are eligible for \$50,000 of life insurance coverage before age 65. After age 65, the amount of life insurance provided for all retirees is \$3,000 to age 70.

**Confidential** - Retirees age 50 with at least 15 years of service who were designated as Classified Management at retirement are offered a lifetime District subsidy for employee plus one medical and dental coverage up to the highest rate. All retirees are eligible for \$50,000 of life insurance coverage before age 65. After age 65, the amount of life insurance provided for all retirees is \$3,000 to age 70.

**C. Plan Membership**

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	51
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>14</u>
<b>Total number of participants**</b>	<b><u>65</u></b>

\*Information not provided

\*\*As of the July 1, 2017 valuation date

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**D. Contributions**

The contribution requirements of Plan members and the Wiseburn Unified School District are established and may be amended by the Wiseburn Unified School District. For fiscal year 2018-19, the District contributed \$255,260 to the Plan, all of which was used for current premiums.

**E. Total OPEB Liability**

The Wiseburn Unified School District's total OPEB liability of \$5,352,132 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017.

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

**Economic assumptions:**

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	2.79%
Healthcare cost trend rates	7.00%/Pre-65 and 4.50%/Post-65%

**Non-economic assumptions:**

*Mortality, Retirement and Termination Rates:*

Certificated	2015 CalSTRS Experience Study
Classified	2017 CalPERS Experience Study

*Vesting rates:*

Certificated	100% at 15 years of service at 55
Classified	100% at 15 years of service at 50

The actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience.

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**G. Changes in Total OPEB Liability**

	<u>June 30, 2019</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 18,808
Interest on total OPEB liability	110,025
Changes of assumptions	1,678,552
Benefits payments	<u>(255,260)</u>
Net change in total OPEB liability	1,552,125
Total OPEB liability - beginning	<u>3,800,007</u>
Total OPEB liability - ending	<u>\$ 5,352,132</u>
Covered-employee payroll	\$ 1,135,402
District's total OPEB liability as a percentage of covered-employee payroll	471.39%

**H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Wiseburn Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.79 percent) or one percentage point higher (3.79 percent) than the current discount rate:

	<u>1% Decrease (1.79%)</u>	<u>Discount Rate (2.79%)</u>	<u>1% Increase (3.79%)</u>
Total OPEB liability	\$ 5,943,875	\$ 5,352,132	\$ 4,852,839

**I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability of the Wiseburn Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease (6.00%/Pre-65 and 3.50%/Post-65)</u>	<u>Healthcare Cost Trend Rate (7.00%/Pre-65 and 4.50%/Post-65)</u>	<u>1% Increase (8.00%/Pre-65 and 5.50%/Post-65)</u>
Total OPEB liability	\$ 4,969,003	\$ 5,352,132	\$ 5,799,192

**J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019, the Wiseburn Unified School District recognized OPEB expense of \$218,116. At June 30, 2019, the Wiseburn Unified School District did not have any deferred outflows of resources related to OPEB nor any deferred inflows of resources related to OPEB to report.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 23,806,368	\$ 7,029,833	\$ 1,556,213	\$ 3,054,855
PERS Pension	8,776,604	2,386,547	104,370	2,453,703
<b>Total</b>	<b>\$ 32,582,972</b>	<b>\$ 9,416,380</b>	<b>\$ 1,660,583</b>	<b>\$ 5,508,558</b>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.



**WISEBURN UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2019, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers’ Retirement Board. The required employer contribution rate for fiscal year 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,324,712 for the year ended June 30, 2019.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$2,173,049 to CalSTRS, which included a supplemental contribution for fiscal year 2019 due to California Senate Bill No. 90.

**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:

District's proportionate share of the net pension liability	\$ 23,806,368
State's proportionate share of the net pension liability associated with the District	<u>13,630,326</u>
Total	<u>\$ 37,436,694</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to 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. At June 30, 2018, the District’s proportion was 0.026 percent, which was unchanged from its proportion measured as of June 30, 2017.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2019, the District recognized pension expense of \$3,054,855. In addition, the District recognized pension expense and revenue of \$468,588 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 916,696
Differences between expected and actual experience	73,822	345,801
Changes in assumptions	3,698,254	-
Changes in proportion and differences between District contributions and proportionate share of contributions	933,045	293,716
District contributions subsequent to the measurement date	2,324,712	-
	<u>\$ 7,029,833</u>	<u>\$ 1,556,213</u>

The \$2,324,712 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 1,062,870	\$ (51,401)
2021	1,062,870	292,729
2022	1,062,867	918,051
2023	762,102	301,258
2024	754,412	54,844
2025	-	40,732
	<u>\$ 4,705,121</u>	<u>\$ 1,556,213</u>

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

\* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

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:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%
	100%	

\*20-year geometric average

**WISEBURN UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. 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 occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 34,873,544	\$ 23,806,368	\$ 14,630,606

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

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

**Benefits Provided**

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions**

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2019 was 18.062% of annual payroll. Contributions to the plan from the District were \$530,197 for the year ended June 30, 2019.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalPERS for K-12 education. These payments consisted of state general fund contributions of approximately \$297,595 to CalPERS for fiscal year 2019 due to California Senate Bill No. 90.

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

At June 30, 2019, the District reported a liability of \$8,776,604 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to 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. At June 30, 2018, the District's proportion was 0.033 percent, which was unchanged from its proportion measured as of June 30, 2017.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2019, the District recognized pension expense of \$2,453,703. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 71,988	\$ -
Differences between expected and actual experience	575,362	-
Changes in assumptions	876,305	-
Changes in proportion and differences between District contributions and proportionate share of contributions	332,695	104,370
District contributions subsequent to the measurement date	<u>530,197</u>	<u>-</u>
	<u>\$ 2,386,547</u>	<u>\$ 104,370</u>

The \$530,197 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 1,240,803	\$ 35,990
2021	678,496	35,990
2022	(11,145)	32,390
2023	<u>(51,804)</u>	<u>-</u>
	<u>\$ 1,856,350</u>	<u>\$ 104,370</u>

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

\*An expected inflation of 2.00% used for this period.

\*\*An expected inflation of 2.92% used for this period.

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 12,778,316	\$ 8,776,604	\$ 5,456,611

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District’s long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2019, the deferred amount on refunding was \$6,490,545.

**B. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2019, total deferred outflows related to pensions was \$9,416,380 and total deferred inflows related to pensions was \$1,660,583. Deferred outflows for governmental activities related to pensions was \$9,071,536 and deferred inflows related to pensions was \$1,638,011. For business-type activities, deferred outflows related to pensions was \$344,844 and deferred inflows related to pensions was \$22,572 at June 30, 2019.



**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 13– COMMITMENTS AND CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

**C. Construction Commitments**

As of June 30, 2019, the District was still under contract with Gensler (architect firm) for work including DSA closeout and architectural services for the unfinished high school kitchen, in the amount of \$152,015.

**NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

During the fiscal year ending June 30, 2019, the District participated in joint ventures with four joint powers authorities (JPAs). There were no significant reductions in coverage during the year. The JPAs and the services they provide to the District are as follows:

- Property and Liability Insurance – Alliance of Schools Cooperative Insurance Program (ASCIP), which arranges for and provides liability and property insurance for its member districts. The district pays premiums commensurate with the level of coverage requested through ASCIP.
- Workers' Compensation Insurance – Protected Insurance Program for Schools (PIPS), which investigates, defends and/or settles, and administrates Workers' Compensation claims. The district pays premiums based on their respective experience rating.
- Employee Benefits – Self-Insurance Risk Management Authority III (SIRMA III), which provides the capability of self-insuring for dental, vision benefits and other employee benefit protection plans.
- Parcel Tax Revenue – After the passage of Measure CL in the November 2012 election, the District joined with four other school districts in the impacted area to create a joint powers authority under the Local Classroom Funding Authority.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**WISEBURN UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 21,060,000	\$ 21,112,000	\$ 21,017,599	\$ (94,401)
Federal sources	888,500	934,000	1,045,670	111,670
Other state sources	2,643,500	3,219,000	3,639,557	420,557
Other local sources	2,901,500	3,457,500	3,816,491	358,991
<b>Total Revenues</b>	<b>27,493,500</b>	<b>28,722,500</b>	<b>29,519,317</b>	<b>796,817</b>
<b>EXPENDITURES</b>				
Certificated salaries	13,653,000	14,368,000	14,332,504	35,496
Classified salaries	3,902,000	4,111,000	3,970,273	140,727
Employee benefits	6,089,000	6,439,000	6,619,743	(180,743)
Books and supplies	670,000	684,500	661,558	22,942
Services and other operating expenditures	2,442,000	2,744,000	2,987,087	(243,087)
Capital outlay	15,000	20,000	67,579	(47,579)
Other outgo				
Excluding transfers of indirect costs	100,000	225,000	369,884	(144,884)
<b>Total Expenditures</b>	<b>26,871,000</b>	<b>28,591,500</b>	<b>29,008,628</b>	<b>(417,128)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>622,500</b>	<b>131,000</b>	<b>510,689</b>	<b>379,689</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(234,745)	(234,745)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(234,745)</b>	<b>(234,745)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>622,500</b>	<b>131,000</b>	<b>275,944</b>	<b>144,944</b>
<b>Fund Balance - Beginning</b>	<b>3,519,883</b>	<b>3,519,883</b>	<b>3,534,132</b>	<b>14,249</b>
<b>Fund Balance - Ending</b>	<b>\$ 4,142,383</b>	<b>\$ 3,650,883</b>	<b>\$ 3,810,076</b>	<b>\$ 159,193</b>

\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on this schedule do not include the financial activity of the Deferred Maintenance Fund, Special Revenue Fund for Other Than Capital Outlay Projects, and Special Revenue Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additionally, on-behalf payments amounting to \$1,068,379 are not included in the actual revenues and expenditure reported in this schedule as this relates to the portion of on-behalf payments not recorded by the client related to Senate Bill 90.

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

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	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 18,808	\$ 45,801
Interest on total OPEB liability	110,025	117,196
Changes of assumptions	1,678,552	55,119
Benefits payments	<u>(255,260)</u>	<u>(231,421)</u>
Net change in total OPEB liability	1,552,125	(13,305)
Total OPEB liability - beginning	<u>3,800,007</u>	<u>3,813,312</u>
Total OPEB liability - ending	<u>\$ 5,352,132</u>	<u>\$ 3,800,007</u>
Covered-employee payroll	\$ 1,135,402	\$ 1,453,957
District's total OPEB liability as a percentage of covered-employee payroll	471.39%	261.36%

See accompanying note to required supplementary information.

**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.026%	0.026%	0.026%	0.026%	0.023%
District's proportionate share of the net pension liability	\$ 23,806,368	\$ 24,250,060	\$ 21,264,742	\$ 17,735,055	\$ 13,667,116
State's proportionate share of the net pension liability associated with the District	13,630,326	14,346,248	12,107,421	9,380,393	8,252,795
Total	<u>\$ 37,436,694</u>	<u>\$ 38,596,308</u>	<u>\$ 33,372,163</u>	<u>\$ 27,115,448</u>	<u>\$ 21,919,911</u>
District's covered payroll	\$ 14,222,358	\$ 13,957,587	\$ 13,565,918	\$ 11,635,754	\$ 10,416,982
District's proportionate share of the net pension liability as a percentage of its covered payroll	167.4%	173.7%	156.8%	152.4%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.033%	0.033%	0.032%	0.031%	0.029%
District's proportionate share of the net pension liability	\$ 8,776,604	\$ 7,805,450	\$ 6,261,722	\$ 4,512,421	\$ 3,274,417
District's covered payroll	\$ 6,041,300	\$ 5,524,428	\$ 5,509,114	\$ 3,379,739	\$ 3,027,827
District's proportionate share of the net pension liability as a percentage of its covered payroll	145.3%	141.3%	113.7%	133.5%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,324,712	\$ 1,977,160	\$ 1,698,417	\$ 1,494,563	\$ 1,033,255
Contributions in relation to the contractually required contribution*	(2,324,712)	(1,977,160)	(1,698,417)	(1,494,563)	(1,033,255)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,729,417	\$ 14,222,358	\$ 13,957,587	\$ 13,565,918	\$ 11,635,754
Contributions as a percentage of covered payroll	15.78%	13.90%	12.17%	11.02%	8.88%

\*Amounts do not include on-behalf contributions

**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 530,197	\$ 492,105	\$ 416,958	\$ 337,073	\$ 397,829
Contributions in relation to the contractually required contribution	(530,197)	(492,105)	(416,958)	(337,073)	(397,829)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,040,795	\$ 6,041,300	\$ 5,524,428	\$ 5,509,114	\$ 3,379,739
Contributions as a percentage of covered payroll	8.78%	8.15%	7.55%	6.12%	11.77%

\*Amounts do not include on-behalf contributions



**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Changes in Total OPEB Liability and Related Ratios**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for OPEB.

**Changes in Assumptions**

The discount rate as of the end of the fiscal year changed from 2.98% to 2.79% based on the change in 20 year municipal bond yields. Additionally, the morbidity assumption was updated to reflect PEMHCA risk scores developed by CalPERS for participants of the CalPERS Health Benefits Program.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**WISEBURN UNIFIED SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
 FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2019, the District incurred amounts in excess of expenditures over appropriations in the General Fund as presented in the Budgetary Comparison Schedule for the major object codes noted below:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Employee benefits	\$ 6,439,000	\$ 6,619,743	\$ 180,743
Services and other operating expenditures	\$ 2,744,000	\$ 2,987,087	\$ 243,087
Capital outlay	\$ 20,000	\$ 67,579	\$ 47,579
Other outgo			
Excluding transfers of indirect costs	\$ 225,000	\$ 369,884	\$ 144,884

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## **SUPPLEMENTARY INFORMATION**

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**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 390,952
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	52,481
Title III, English Learner Student Program	84.365	14346	32,046
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	2,759
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	430,242
IDEA Local Assistance, Part B, Sec 611, Private Schools ISPs	84.027	10115	3,164
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	38,445
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	160
Subtotal Special Education Cluster			<u>472,011</u>
<b>Total U. S. Department of Education</b>			<u>950,249</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster [1]			
National School Lunch Program	10.555	13391	406,500
USDA Commodities [2]	10.555	*	73,845
Subtotal Child Nutrition Cluster			<u>480,345</u>
<b>Total U. S. Department of Agriculture</b>			<u>480,345</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Health Services:</i>			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	28,362
Medi-Cal Administrative Activities	93.778	10060	67,059
Subtotal Medicaid Cluster			<u>95,421</u>
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>95,421</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,526,015</u>

[1] - Major Program

[2] - In-Kind Contribution

\* - Pass-Through Entity Identifying Number not available or not applicable

**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<b>Second Period Report</b>	<b>Annual Report</b>
	<b>Certificate No. 274BA331</b>	<b>Certificate No. 3D84F3FC</b>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	955.27	956.35
Extended Year Special Education	2.94	2.94
Total TK/K through Third	958.21	959.29
Fourth through Sixth		
Regular ADA	824.82	824.28
Extended Year Special Education	1.03	1.03
Total Fourth through Sixth	825.85	825.31
Seventh through Eighth		
Regular ADA	647.14	647.28
Extended Year Special Education	0.88	0.88
Total Seventh through Eighth	648.02	648.16
Ninth through Twelfth		
Regular ADA	13.33	13.56
Special Education - Nonpublic Schools	0.03	0.02
Extended Year Special Education - Nonpublic Schools	0.09	0.09
Total Ninth through Twelfth	13.45	13.67
TOTAL SCHOOL DISTRICT	2,445.53	2,446.43

**WISEBURN UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2018-19 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	41,470	180	Complied
Grade 1	50,400	50,875	180	Complied
Grade 2	50,400	50,875	180	Complied
Grade 3	50,400	53,775	180	Complied
Grade 4	54,000	54,140	180	Complied
Grade 5	54,000	54,140	180	Complied
Grade 6	54,000	54,950	180	Complied
Grade 7	54,000	54,950	180	Complied
Grade 8	54,000	54,950	180	Complied

Note: Instruction related to ADA reported for grade span 9 - 12 was provided via nonpublic schools; therefore, there is no instructional time noted above for grades 9 - 12.

**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2020 (Budget)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 28,923,500	\$ 29,519,317	\$ 27,216,992	\$ 26,856,510
Expenditures And Other Financing Uses	29,168,000	29,243,373	27,589,828	27,486,400
Net change in Fund Balance	\$ (244,500)	\$ 275,944	\$ (372,836)	\$ (629,890)
Ending Fund Balance	\$ 3,565,576	\$ 3,810,076	\$ 3,519,883	\$ 3,892,719
Available Reserves*	\$ 1,851,694	\$ 2,840,980	\$ 2,569,479	\$ 4,273,763
Available Reserves As A Percentage Of Outgo	6.35%	9.71%	9.31%	15.55%
Long-term Liabilities	\$ 209,454,181	\$ 216,061,042	\$ 214,739,303	\$ 209,993,481
Average Daily Attendance At P-2	2,426	2,446	2,441	2,456

The General Fund balance has decreased by \$82,643 over the past two years. The fiscal year 2019-20 budget projects a further decrease of \$244,500. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates an operating deficit during the 2019-20 fiscal year. Total long-term obligations have increased by \$6,067,561 over the past two years.

Average daily attendance has decreased by 10 ADA over the past two years. A decrease of 20 ADA is anticipated during the 2019-20 fiscal year.

\*Available reserves consist of all unassigned fund balance within the General Fund and the Special Reserve Fund for Other than Capital Outlay Projects

\*\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay Projects, and Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additionally, on-behalf payments amounting to \$1,068,379 are not included in the actual revenues and expenditure reported in this schedule as this relates to the portion of on-behalf payments not recorded by the client related to Senate Bill 90.

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

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	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projecs	Special Reserve Fund for Postemployment Benefits	Other Enterprise Fund
June 30, 2019, annual financial and budget report fund balance	\$ 3,810,076	\$ 526,243	\$ 519,639	\$ 2,766,555	\$ 57,298
Adjustments and reclassifications:					
Increase (decrease) in total fund balances:					
Pension related adjustments (GASB 68)	-	-	-	-	(2,174,364)
Fund balance transfer (GASB 54)	3,812,437	(526,243)	(519,639)	(2,766,555)	-
Net adjustments and reclassifications	<u>3,812,437</u>	<u>(526,243)</u>	<u>(519,639)</u>	<u>(2,766,555)</u>	<u>(2,174,364)</u>
June 30, 2019, audited financial statement fund balance	<u>\$ 7,622,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,117,066)</u>

See accompanying note to supplementary information.



**WISEBURN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
1689	Da Vinci Communications High	Active	No
1081	Da Vinci Design	Active	No
1597	Da Vinci Connect	Active	No
1060	Da Vinci Science	Active	No

See accompanying note to supplementary information.

**WISEBURN UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF BOND EXPENDITURES – MEASURE A AND MEASURE AA  
 FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Measure A Bond Projects</b>	<b>2018-19 Expenditures</b>
Wiseburn High School	
Construction management	\$ 7,219,791
Attorney fees	94,214
Architect fees	302,448
Other contract services	269,793
Employee salaries and benefits	112,348
Equipment	797,716
Utilities and communications	24,263
Mileage and travel	735
<b>Total Measure A Expenditures</b>	<b>\$ 8,821,308</b>

<b>Measure AA Bond Projects</b>	<b>2018-19 Expenditures</b>
Wiseburn High School	
Other contract services	\$ 5,142
<b>Total Measure AA Expenditures</b>	<b>\$ 5,142</b>

**WISEBURN UNIFIED SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2019**

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Wiseburn School District was established in 1896 and became unified and is known as the Wiseburn Unified School District after it was approved for unification beginning July 1, 2014. The District is comprised of an area approximately 6½ square miles located in Los Angeles County, California. The boundaries are in the city limits of Hawthorne, El Segundo, and a portion of the unincorporated area of Los Angeles County. No boundary changes were made during the current year. The District currently operates three elementary schools and one middle school as well as served as the authorizing agency for five independent charter schools operated by Da Vinci Schools.

The Board of Education and the business office administrators for the fiscal year ended June 30, 2019 were as follows:

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Mr. Israel A. Mora	President	December 2022
Ms. JoAnne Kaneda	Vice President/Clerk	December 2020
Dr. Neil Goldman	Member	December 2020
Mr. Nelson Martinez	Member	December 2022
Mr. Roger Bañuelos	Member	December 2022

**DISTRICT ADMINISTRATORS**

Dr. Blake Silvers  
*Superintendent*

Dr. Aileen Harbeck  
*Assistant Superintendent, Educational Services*

Mr. David Wilson  
*Chief Business Official*

**WISEBURN UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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**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 10 percent de minimis indirect cost rate.

**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**

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 46208. During the year ended June 30, 2019, the District participated in the Longer Day incentive funding program. As of June 30, 2019, the District had met its target funding.

**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.

**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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**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.

**Schedule of Bond Expenditures – Measure A and Measure AA**

This schedule provides a summary of Measure A and Measure AA expenditures by project subjected to auditing procedures performed in relation to the financial statements taken as a whole.

**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.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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***

Independent Auditors' Report

Governing Board  
Wiseburn Unified School District  
El Segundo, 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, business-type activities, each major fund, and the aggregate remaining fund information of Wiseburn Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Wiseburn Unified School District's basic financial statements, and have issued our report thereon dated December 3, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wiseburn 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 Wiseburn Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wiseburn 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 Wiseburn 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*.

## **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.

*Christy White, Inc.*

San Diego, California  
December 3, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board  
Wiseburn Unified School District  
El Segundo, California

**Report on Compliance for Each Major Federal Program**

We have audited Wiseburn Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wiseburn Unified School District's major federal programs for the year ended June 30, 2019. Wiseburn 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 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 Wiseburn 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 Wiseburn 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 Wiseburn Unified School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Wiseburn 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 Wiseburn 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 Wiseburn 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 Wiseburn 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 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.

*Christy White, Inc.*

San Diego, California  
December 3, 2019

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
Wiseburn Unified School District  
El Segundo, California

**Report on State Compliance**

We have audited Wiseburn Unified School District's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Wiseburn Unified School District's state programs for the fiscal year ended June 30, 2019, as identified below.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Wiseburn Unified School District's state 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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Wiseburn 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 with the requirements referred to above. However, our audit does not provide a legal determination of Wiseburn Unified School District's compliance with those requirements.

### ***Opinion on State Compliance***

In our opinion, Wiseburn Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as item #2019-001. Our opinion on state compliance is not modified with respect to these matters.

Wiseburn Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Wiseburn Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Procedures Performed***

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

<b><u>PROGRAM NAME</u></b>	<b><u>PROCEDURES PERFORMED</u></b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
California Clean Energy Jobs Act	Yes

*(Continued on the following page)*

*Procedures Performed (continued)*

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

*Christy White, Inc.*

San Diego, California  
December 3, 2019

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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**WISEBURN UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</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**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**WISEBURN UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

**There were no financial statement findings for the year ended June 30, 2019.**

**WISEBURN UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

**There were no federal award findings or questioned costs for the year ended June 30, 2019.**



**WISEBURN UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

**FINDING #2019-001: KINDERGARTEN CONTINUANCE (40000)**

**Criteria:** Per Education Code sections 46300 and 48011, every retained Kindergarten pupil and pupils participating in a transitional kindergarten program pursuant to Education Code 48000(c) must have a signed Kindergarten Continuance Form or an approved alternative signed kindergarten continuance parental agreement.

**Condition:** During our testing, we found one student who turned six years old by September 1, 2018 and was enrolled in kindergarten for the year audited did not have a CDE approved Kindergarten Continuance Form maintained on file.

**Effect:** The District has overstated ADA.

**Cause:** Oversight of applicable Education Code requirements.

**Questioned Costs:** The overstatement of calculated ADA of 0.93, multiplied by the current year base grant per ADA in grades K-3 (\$8,235), totaling \$7,659.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend the District provide an overview of compliance requirements to site personnel responsible for obtaining kindergarten continuance forms. The District should provide CDE approved Kindergarten Continuance form to all school sites.

**Corrective Action Plan:** The District has provided our schools that have Kindergarten classes with the approved California Department of Education's Kindergarten Continuance form. We have directed the site principals to not alter or change the Kindergarten Continuance form that is used. This will alleviate any additional findings in the future. If any new principals are hired by the District that have Kindergarten classes at their school sites, they will be directed to use the approved Kindergarten Continuance form.

**WISEBURN UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINDING #2018-001: TRANSPORTATION MAINTENANCE OF EFFORT (40000)**

**Criteria:** In accordance with Education Code 2575(k) and 42238.03(a)(6)(b), a school district shall expend for home-to-school transportation programs in the current year, at least the lesser of the amount of funds expended on those programs in the fiscal year 2012-13 or the amount of funds for home-to-school transportation programs received in the 2012-13 fiscal year.

**Condition:** During our review of transportation maintenance of effort requirements, it was noted that the District did not expend at least the dollar amount of 2012-13 revenues received for home-to-school transportation. 2012-13 transportation revenues were \$42,857 and current year transportation expenditures amounted to \$29,356. It was further noted that the amount of expenditures in 2012-13 exceeded revenues received in 2012-13 for home to school transportation programs.

**Effect:** The District is not in compliance with the Transportation Maintenance of Effort requirement.

**Cause:** The District failed to monitor the maintenance of effort requirements specific to home-to-school transportation. Additionally, the District experienced a decrease in student transportation needs resulting in a decrease in current year program expenditures. Further,

**Questioned Costs:** 2017-18 expenditures fell short of 2012-13 revenues by a deficit of \$13,501.

**Recommendation:** We recommend that the District implement procedures to verify that the District meets its maintenance of effort requirements for home-to-school transportation programs.

**Corrective Action Plan:** The District will review the Transportation Maintenance of Effort calculation at year end closing. In 2017-18, the District had less students requiring home-to-school transportation, as some of the Districts Special Education students aged out of the grade levels the District offers. In addition, most of the District's Special Education programs that were provided by the County Office of Education, were placed in programs closer to the District, thus reducing transportation needs.

**Current Status:** Implemented.

**WISEBURN UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINDING #2018-002: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNT (40000)**

**Criteria:** Students classified as English Learners (EL), who are not Free and Reduced Price Meal (FRPM) eligible or directly certified on the CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* report must have supporting documentation, such as a copy of the California English Language Development Test (CELDT) Student Performance Level Report that indicates the student’s overall performance and domain scores do not meet the CELDT criterion for English proficiency or other documentation indicating the student was properly designated as EL. The unduplicated local control funding formula pupil count affects the percentage used as data in calculating Local Control Funding Formula (LCFF) apportionment. Auditors are required to verify compliance with California Education Code Section 42238.02(b)(3)(B) in Section W of the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**Condition:** Based on review and testing of student designations as EL-only from the 2017-18 certified CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* report, we noted an exception in our initial test work for one (1) of three (3) Dana Middle School students. The student in question was tested in May of 2017 and was found to be Initial Fluent English Proficient (IFEP). As a result, we performed further audit procedures to test 100 percent of the EL- only students at Dana Middle School. From our testing of EL designations for the remaining twelve (12) students at Dana Middle School, no other exceptions were noted. It was determined that no similar errors or inaccuracies would be likely to produce material results; therefore, testing of additional schools was not deemed necessary.

**Effect:** The District is not in compliance with State requirements. A total of one (1) student was found to be ineligible for the EL designation.

**Cause:** The individual designation for the student in question was not timely updated in the CALPADS system to allow for accurate reporting as of census date.

**Questioned Cost:** \$321 as calculated using guidance from the California Department of Education (CDE). Refer to “Questioned Cost Calculation” on the following page.

**Recommendation:** We recommend that all EL students be annually assessed and the student information system and CALPADS be updated timely to allow for timely and accurate reporting.

**Corrective Action Plan:** The District has implemented trainings to the District’s English Language Coordinator that covered practices and procedures, including the re-designation process and EL documentation requirements. All Wiseburn students are now manually checked against CALPADS ELA status records prior to the submission of Fall 1 in order to ensure that previously identified RFEP/IFEP/EL students are correctly identified in our Student Information System.

*(continued on the following page)*

**WISEBURN UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

**FINDING #2018-002: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNT (40000), (continued)**

**Question Cost Calculation:**

<b>UPP Audit Adjustment</b>					
1	Total Adjusted Enrollment from the UPP exhibit as of P-2			7,575	
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2			3,485	
3	Audit Adjustment - Number of Enrollment			-	
4	Audit Adjustment - Number of Unduplicated Pupil Count			(1)	
5	Revised Adjusted Enrollment			7,575	
6	Revised Adjusted Unduplicated Pupil Count			3,484	
7	UPP calculated as of P-2			0.4601	
8	Revised UPP for audit finding			0.4599	
9	<b>Charter Schools Only:</b> Determinative School District Concentration Cap				
10	Revised UPP adjusted for Concentration Cap			<b>0.4599</b>	
<b>LCFF Target Supplemental Grant Funding Audit Adjustment</b>		<b>TK/K-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
9	Supplemental and Concentration Grant ADA	954.85	845.20	655.22	2.54
10	Adjusted Base Grant per ADA	\$7,941	\$7,301	\$7,518	\$8,939
11	Target Supplemental Grant Funding calculated as of P-2				\$1,720,949
12	Revised Target Supplemental Grant Funding for audit finding				\$1,720,202
13	Target Supplemental Grant Funding audit adjustment				<b>(\$747)</b>
<b>LCFF Target Concentration Grant Funding Audit Adjustment</b>					
14	Target Concentration Grant Funding calculated as of P-2				\$0
15	Revised Target Concentration Grant Funding for audit finding				\$0
16	Target Concentration Grant Funding audit adjustment				<b>\$0</b>
<b>Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target</b>					
18	Total Target Supplemental and Concentration audit adjustment				<b>(\$747)</b>
<b>Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap</b>					
19	Statewide Gap Funding Rate as of P-2				0.4296644273
20	Estimated Cost of Unduplicated Pupil Count audit adjustment				<b>(\$321)</b>

**Current Status:** Implemented.