



Annual Financial Statements
June 30, 2019

Raisin City School District

RAISIN CITY SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2019

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Governmental Funds - Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Fiduciary Funds - Statement of Net Position	20
Notes to Financial Statements	21

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	54
Child Development Fund - Budgetary Comparison Schedule	55
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	56
Schedule of the District's Proportionate Share of the Net Pension Liability	57
Schedule of District Contributions	58
Notes to Required Supplementary Information	59

SUPPLEMENTARY INFORMATION

Local Education Agency Organization Structure	62
Schedule of Average Daily Attendance	63
Schedule of Instructional Time	64
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	65
Schedule of Financial Trends and Analysis	66
Schedule of Charter Schools	67
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
Note to Supplementary Information	70

INDEPENDENT AUDITOR'S REPORTS

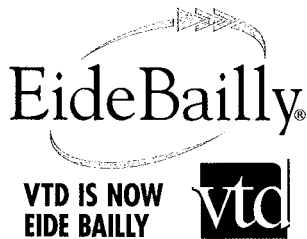
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	72
Report on State Compliance	74

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	78
Financial Statement Findings	79
State Awards Findings and Questioned Costs	80
Summary Schedule of Prior Audit Findings	82
Management Letter	85

FINANCIAL SECTION

This page left blank intentionally.



INDEPENDENT AUDITOR'S REPORT

Governing Board
Raisin City School District
Raisin City, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Raisin City School District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison schedules on pages 54 and 55, schedule of changes in the District's total OPEB liability and related ratios on page 56, schedule of the District's proportionate share of the net pension liability on page 57, and the schedule of District contributions on page 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Raisin City School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

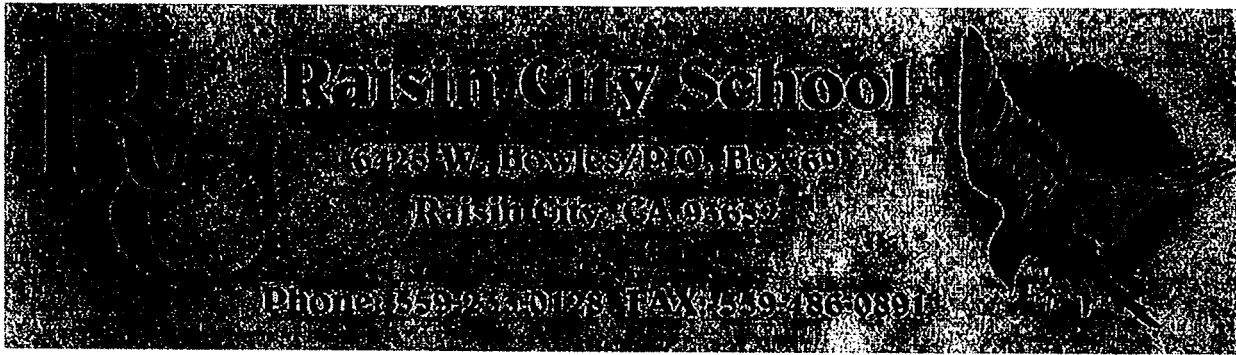
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the Raisin City 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 Raisin City 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 Raisin City School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Fresno, California
December 16, 2019

This page left blank intentionally.



BOARD of TRUSTEES

Nancy Schwabenland President
Tina Medina Clerk
Laday Ramirez Member
Mario Alvarado Member
Anthony Monreal Member

ADMINISTRATION

Juan Sandoval
Superintendent

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The Management's Discussion and Analysis section of the audit is an overall view of the District's financial condition, and provides an opportunity to discuss important fiscal issues with the Board and the public. Accounting rules require this discussion and analysis, which make reporting of finances similar to that of private business.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three primary parts - Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

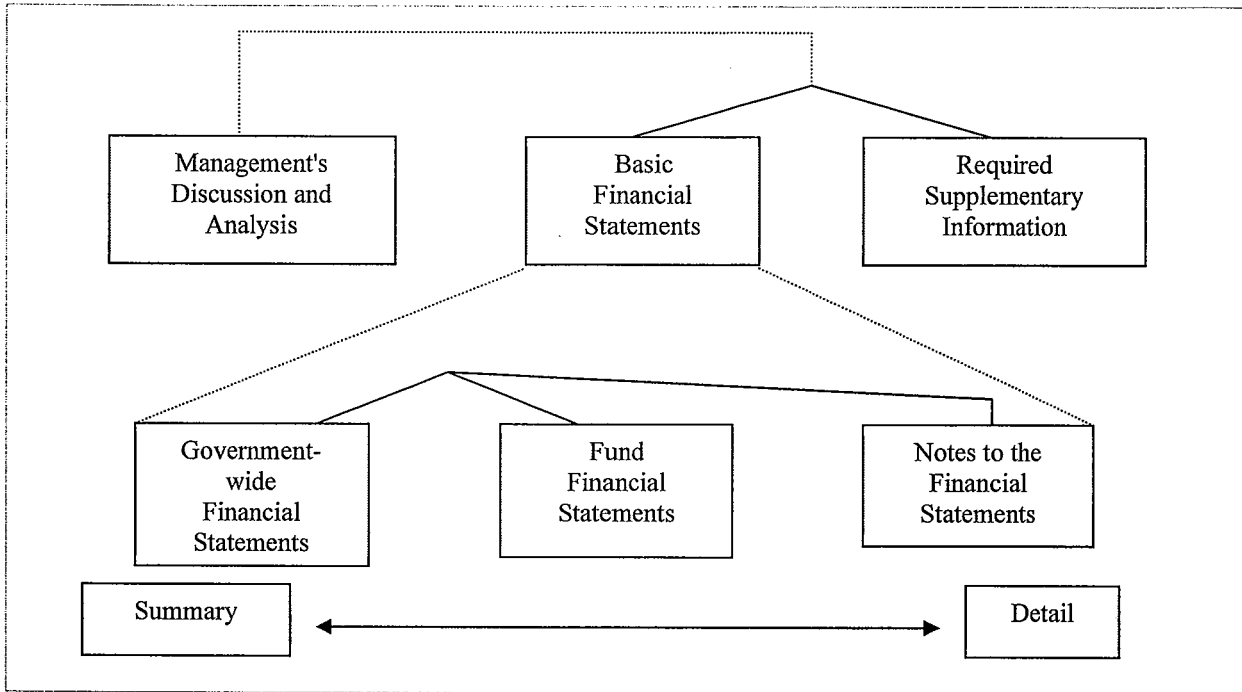
- The first two statements are *Government-Wide Financial Statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *Fund Financial Statements* that focus on individual parts of the District, reporting the District's operations in more detail than the *Government-Wide Financial Statements*.
- The *Governmental Funds* statements tell how basic services like regular and special education were financed in the short term, as well as what remains for future spending.
- The *Fiduciary Fund* statement presents the agency funds which report only a balance sheet and do not have a measurement focus.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

RAISIN CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Figure A-1. *Organization of Raisin City School District's Annual Financial Report*



GOVERNMENT-WIDE STATEMENTS

The *Government-Wide Financial Statements* report information about the District as a whole, using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the District's assets, deferred outflows, liabilities and deferred inflows. 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 - the difference between the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

RAISIN CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Figure A-2. Major Features of the Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Activities the District operates similar to private businesses: Food services and adult education. The District currently has no Proprietary Funds.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
<i>Required financial statements</i>	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position Statement of changes in assets and liabilities
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities both short-term and long-term; Funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

RAISIN CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

FUND FINANCIAL STATEMENTS

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

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

The District currently has only two kinds of funds:

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

Fiduciary Funds: For assets that belong to others, such as the Student Body Fund, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. A separate Fiduciary Fund *Statement of Net Position* reports the District's fiduciary balances at year end. These balances are excluded from the District-wide financial statements, as the assets cannot be used by the District to finance its operations.

STATEMENT OF NET POSITION

The District's net position was \$3,875,178 for the fiscal year ended June 30, 2019. Of this amount, \$301,651 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analyses below focus on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

RAISIN CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019

Table 1

	2019	2018	Percentage Change
Assets			
Current and other assets	\$ 4,696,511	\$ 4,219,165	11.31%
Capital assets	2,792,503	2,763,856	1.04%
Total Assets	<u>7,489,014</u>	<u>6,983,021</u>	<u>7.25%</u>
Deferred Outflows of Resources	<u>977,225</u>	<u>928,805</u>	<u>5.21%</u>
Liabilities			
Current liabilities	808,483	435,292	85.73%
Long-term obligations	548,954	470,768	16.61%
Net pension liability	2,833,444	2,813,405	0.71%
Total Liabilities	<u>4,190,881</u>	<u>3,719,465</u>	<u>12.67%</u>
Deferred Inflows of Resources	<u>400,180</u>	<u>299,911</u>	<u>33.43%</u>
Net Position			
Net investment in capital assets	2,792,503	2,763,856	1.04%
Restricted	301,651	350,753	-14.00%
Unrestricted	781,024	777,841	0.41%
Total Net Position	<u><u>\$ 3,875,178</u></u>	<u><u>\$ 3,892,450</u></u>	<u><u>-0.44%</u></u>

The \$3,875,178 in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by \$3,183.

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

RAISIN CITY SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Table 2

	2019	2018	Percentage Change
Revenues			
Program revenues:			
Charges for services	\$ 1,890	\$ 748	152.67%
Operating grants and contributions	845,693	794,583	6.43%
General revenues:			
Federal and State aid not restricted to specific purposes	2,741,692	2,558,143	7.18%
Property taxes	674,629	650,825	3.66%
Other general revenues	572,879	812,470	-29.49%
Total Revenues	<u>4,836,783</u>	<u>4,816,769</u>	<u>0.42%</u>
Expenses			
Program expenses:			
Instruction	2,996,495	2,602,574	15.14%
Pupil services	1,013,830	793,218	27.81%
Administration	496,795	466,959	6.39%
Plant services	346,935	380,528	-8.83%
Total Expenses	<u>4,854,055</u>	<u>4,243,279</u>	<u>14.39%</u>
Change in Net Position	<u>\$ (17,272)</u>	<u>\$ 573,490</u>	<u>-103.01%</u>

FINANCIAL CONDITION OF THE DISTRICT'S FUNDS

The financial condition of Raisin City School District's General Fund had no significant change over the last year.

Table 3

	2019	2018	Percentage Change
Total Revenues	\$ 4,335,656	\$ 4,333,023	0%
Total Expenditures	4,196,240	3,783,278	11%
Other Financing Sources	2,000	3,097	-35%
Net Change	<u>\$ 141,416</u>	<u>\$ 552,842</u>	<u>74%</u>

The District's other funds showed little change from the prior year.

RAISIN CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

CAPITAL ASSETS

On June 30, 2019, the District had \$2,792,503 in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) over the prior year. Land is accounted for at purchase value, not market value. Land and Construction in Progress are not depreciated. The reported value of school buildings, site improvements, and machinery and equipment is shown below at depreciated cost.

Capital Assets at Year-End (Net of Depreciation)

Table 4

	2019	2018	Change
Land	\$ 4,800	\$ 4,800	-%
Construction in progress	1,003,617	824,726	22%
Improvement of sites	218,989	237,764	-8%
Buildings	1,473,768	1,594,480	-8%
Machinery and equipment	91,329	102,086	-11%
Total	\$ 2,792,503	\$ 2,763,856	1%

LONG-TERM OBLIGATIONS AND NET PENSION LIABILITY

At the end of this year, the District had \$548,954 of long-term obligations, a 17 percent increase over the prior year due primarily to an increase in Other Postemployment Benefit Obligations.

Long-Term Obligations at Year-End

Table 5

	2019	2018	Change
Compensated absences	\$ 32,536	\$ 51,340	-37%
Other postemployment benefits	516,418	419,428	23%
Total	\$ 548,954	\$ 470,768	17%

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of \$2,833,444 which was approximately the same as last year. The District also reported deferred outflows of resources from pension activities of \$970,501, and deferred inflows of resources from pension activities of \$400,180.

RAISIN CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is faced with the same economic forecast as most districts throughout the State. Because so much of the revenues coming to the District are from the State, the economic fortunes of the State are very important to the District. Given that the accountability provision of the LCFF have been referred to the State Board of Education, there is some uncertainty as to how much, if any, of the supplemental or concentration grant funding is discretionary to the District. High levels of uncertainty in the funding model call for a high degree of conservatism in the projection of future revenue. The District's enrollment declined by ten (10) in the 2018-2019 fiscal year and appears to decline again in the 2019-2020 fiscal year. The decline will impact the current and future revenues of the school district. The budget will continue to evolve as the new LCFF matures and comes more widely understood. The forecast for Lottery funding per ADA includes both base (unrestricted) funding and the amount restricted by Prop 20 for instructional materials is based on prior year annual ADA. The District will observe the SBE required reserve for the traditional economic uncertainties. The District will make necessary adjustments to the budget for the subsequent fiscal years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Reneé Steen, Business Manager, Raisin City School District, P.O. Box 69, Raisin City, CA 93652.

RAISIN CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	\$ 4,355,476
Receivables	338,234
Stores inventories	2,801
Nondepreciable capital assets	1,008,417
Capital assets being depreciated	4,735,734
Accumulated depreciation	(2,951,648)
Total Assets	<u>7,489,014</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	6,724
Deferred outflows of resources related to pensions	970,501
Total Deferred Outflows of Resources	<u>977,225</u>
LIABILITIES	
Accounts payable	801,318
Unearned revenue	7,165
Long-term obligations	548,954
Aggregate net pension liability	2,833,444
Total Liabilities	<u>4,190,881</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	400,180
NET POSITION	
Net investment in capital assets	2,792,503
Restricted for:	
Capital projects	9,166
Educational programs	29,077
Other activities	263,408
Unrestricted	781,024
Total Net Position	<u>\$ 3,875,178</u>

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

RAISIN CITY SCHOOL DISTRICT

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
Instruction	\$ 2,767,764	\$ -	\$ 373,485
Instruction-related activities:			
Instructional library, media, and technology	3,568	-	-
School site administration	225,163	-	8,607
Pupil services:			
Home-to-school transportation	318,813	-	9,779
Food services	354,101	1,877	371,153
All other pupil services	340,916	-	56,745
Administration:			
Data processing	2,184	-	-
All other administration	494,611	-	15,653
Plant services	346,935	-	8,197
Other outgo	-	13	2,074
Total Governmental Activities	\$ 4,854,055	\$ 1,890	\$ 845,693
General revenues and subventions:			
Property taxes, levied for general purposes			
Federal and State aid not restricted to specific purposes			
Interest and investment earnings			
Interagency revenues			
Miscellaneous			
Subtotal, General Revenues			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			

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

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

**Governmental
Activities**

\$ (2,394,279)

(3,568)
(216,556)

(309,034)
18,929
(284,171)

(2,184)
(478,958)
(338,738)
2,087

(4,006,472)

674,629
2,741,692
63,877
168,059
340,943

3,989,200

(17,272)

3,892,450

\$ 3,875,178

RAISIN CITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Child Development Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 4,078,961	\$ 38,609	\$ 237,906
Receivables	146,429	83,726	108,079
Due from other funds	187,742	-	-
Stores inventories	-	-	2,801
Total Assets	<u>\$ 4,413,132</u>	<u>\$ 122,335</u>	<u>\$ 348,786</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 792,120	\$ 1,848	\$ 7,350
Due to other funds	-	120,487	67,255
Unearned revenue	7,165	-	-
Total Liabilities	<u>799,285</u>	<u>122,335</u>	<u>74,605</u>
Fund Balances:			
Nonspendable	1,000	-	2,801
Restricted	29,077	-	269,773
Assigned	1,387	-	1,607
Unassigned	3,582,383	-	-
Total Fund Balances	<u>3,613,847</u>	<u>-</u>	<u>274,181</u>
Total Liabilities and Fund Balances	<u>\$ 4,413,132</u>	<u>\$ 122,335</u>	<u>\$ 348,786</u>

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

**Total
Governmental
Funds**

\$ 4,355,476
338,234
187,742
2,801
\$ 4,884,253

\$ 801,318
187,742
7,165
996,225

3,801
298,850
2,994
3,582,383
3,888,028

\$ 4,884,253

RAISIN CITY SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds **\$ 3,888,028**
**Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	\$ 5,744,151	
Accumulated depreciation is	<u>(2,951,648)</u>	
Net Capital Assets		2,792,503

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:

Pension contributions subsequent to measurement date	328,814	
Net change in proportionate share of net pension liability	172,530	
Difference between projected and actual earnings on pension plan investments	10,930	
Differences between expected and actual experience in the measurement of the total pension liability	92,009	
Changes of assumptions	<u>366,218</u>	
Total Deferred Outflows of Resources Related to Pensions		970,501

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:

Net change in proportionate share of net pension liability	(320,584)	
Difference between projected and actual earnings on pension plan investments	(57,794)	
Differences between expected and actual experience in the measurement of the total pension liability	<u>(21,802)</u>	
Total Deferred Inflows of Resources Related to Pensions		(400,180)

Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of changes in assumptions.

6,724

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

RAISIN CITY SCHOOL DISTRICT

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

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (2,833,444)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Compensated absences	\$ 32,536	
Other postemployment benefits (OPEB) liability	516,418	
Total Long-Term Obligations		(548,954)
Total Net Position - Governmental Activities		<u><u>\$ 3,875,178</u></u>

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

RAISIN CITY SCHOOL DISTRICT

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

	<u>General Fund</u>	<u>Child Development Fund</u>	<u>Non-Major Governmental Funds</u>
REVENUES			
Local Control Funding Formula	\$ 3,305,280	\$ -	\$ -
Federal sources	371,163	-	347,900
Other State sources	328,311	90,292	72,089
Other local sources	330,902	13,368	13,523
Total Revenues	<u>4,335,656</u>	<u>103,660</u>	<u>433,512</u>
EXPENDITURES			
Current			
Instruction	2,506,642	102,670	-
Instruction-related activities:			
School site administration	211,440	-	-
Pupil services:			
Home-to-school transportation	242,687	-	-
Food services	-	-	346,140
All other pupil services	322,805	-	-
Administration:			
Data processing	2,184	-	-
All other administration	505,572	-	-
Plant services	349,642	-	-
Facility acquisition and construction	55,268	-	123,623
Total Expenditures	<u>4,196,240</u>	<u>102,670</u>	<u>469,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>139,416</u>	<u>990</u>	<u>(36,251)</u>
Other Financing Sources (Uses)			
Transfers in	2,000	-	-
Transfers out	-	-	(2,000)
Net Financing Sources (Uses)	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCES	141,416	990	(38,251)
Fund Balance - Beginning	3,472,431	(990)	312,432
Fund Balance - Ending	<u>\$ 3,613,847</u>	<u>\$ -</u>	<u>\$ 274,181</u>

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

Total Governmental Funds	
\$	3,305,280
	719,063
	490,692
	357,793
	<u>4,872,828</u>
	2,609,312
	211,440
	242,687
	346,140
	322,805
	2,184
	505,572
	349,642
	178,891
	<u>4,768,673</u>
	<u>104,155</u>
	2,000
	(2,000)
	<u>-</u>
	104,155
	3,783,873
\$	<u><u>3,888,028</u></u>

RAISIN CITY SCHOOL DISTRICT

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

Total Net Change in Fund Balances - Governmental Funds **\$ 104,155**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

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

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

Capital outlays	\$ 202,790	
Depreciation expense	<u>(174,143)</u>	28,647
Net Expense Adjustment		

In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was more than the amounts earned by \$18,804. 18,804

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (78,612)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (90,266)

Change in Net Position of Governmental Activities **\$ (17,272)**

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

RAISIN CITY SCHOOL DISTRICT

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	\$ <u>1,302</u>
LIABILITIES	
Due to student groups	\$ <u>1,302</u>

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Raisin City School District (the District) was established on February 7, 1908, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates one elementary school.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as a special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets and fund balance of \$1,387 and an increase in revenues of \$27.

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Non-Major Governmental Funds

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

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

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

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

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The District's fiduciary fund category is composed of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

Interfund Balances

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

Compensated Absences

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Accounts Payable and Long-Term Obligations

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, where applicable, and OPEB expense, information about additions to/deductions from the Districts plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Fund Balances - Governmental Funds

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has no related debt outstanding as of June 30, 2019. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$301,651 of restricted net position.

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 column of the Statement of Activities.

Estimates

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Property Tax

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

New Accounting Pronouncements

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

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

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

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

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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

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

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

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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

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

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

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental activities	\$ 4,355,476
Fiduciary funds	1,302
Total Deposits and Investments	<u>\$ 4,356,778</u>

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

Cash on hand and in banks	\$ 1,302
Cash in revolving	1,000
Investments	4,354,476
Total Deposits and Investments	<u>\$ 4,356,778</u>

Policies and Practices

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

General Authorizations

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

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

Interest Rate Risk

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

Segmented Time Distribution

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

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	\$ 4,442,055	\$ -	\$ 4,442,055	\$ -	\$ -

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized - Investments in the Fresno County Treasury Investment Pool 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.

NOTE 4 - RECEIVABLES

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

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	\$ 98,651	\$ -	\$ 42,795	\$ 141,446
State Government				
State principal apportionment	-	-	50,673	50,673
Categorical aid	25,894	83,726	6,100	115,720
Local Sources	21,884	-	8,511	30,395
Total	<u>\$ 146,429</u>	<u>\$ 83,726</u>	<u>\$ 108,079</u>	<u>\$ 338,234</u>

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities			
Capital Assets Not Being Depreciated			
Land	\$ 4,800	\$ -	\$ 4,800
Construction in process	824,726	178,891	1,003,617
Total Capital Assets Not Being Depreciated	<u>829,526</u>	<u>178,891</u>	<u>1,008,417</u>
Capital Assets Being Depreciated			
Land improvements	431,549	-	431,549
Buildings and improvements	3,790,441	-	3,790,441
Furniture and equipment	489,845	23,899	513,744
Total Capital Assets Being Depreciated	<u>4,711,835</u>	<u>23,899</u>	<u>4,735,734</u>
Less Accumulated Depreciation			
Land improvements	193,785	18,775	212,560
Buildings and improvements	2,195,961	120,712	2,316,673
Furniture and equipment	387,759	34,656	422,415
Total Accumulated Depreciation	<u>2,777,505</u>	<u>174,143</u>	<u>2,951,648</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,763,856</u>	<u>\$ 28,647</u>	<u>\$ 2,792,503</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 67,557
Instructional library, media, and technology	3,568
School site administration	5,880
Home-to-school transportation	86,367
Food services	2,212
All other pupil services	5,206
Plant services	3,353
Total Depreciation Expenses, Governmental Activities	<u>\$ 174,143</u>

RAISIN CITY SCHOOL DISTRICT

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

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
General	\$ 187,742	\$ -
Child Development	-	120,487
Total Major Governmental Funds	<u>187,742</u>	<u>120,487</u>
Non-Major Governmental Funds		
Cafeteria	-	5,495
County School Facilities	-	61,760
Total Non-Major Governmental Fund Types	<u>-</u>	<u>67,255</u>
Total All Governmental Funds	<u>\$ 187,742</u>	<u>\$ 187,742</u>

The Child Development Fund owes the General Fund for operating costs.	\$ 120,487
The Cafeteria Non-Major Governmental Fund owes the General Fund for a temporary loan.	5,495
The County School Facilities Non-Major Governmental Fund owes the General Fund for modernization costs.	<u>61,760</u>
Total	<u>\$ 187,742</u>

Operating Transfers

Interfund transfers for the year ended June 30, 2019, consist of the following:

The Cafeteria Non-Major Governmental Fund transferred to the General Fund for indirect costs.	<u>\$ 2,000</u>
---	-----------------

RAISIN CITY SCHOOL DISTRICT

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

NOTE 7 - ACCOUNTS PAYABLE

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

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Activities
Vendor payables	\$ 581,481	\$ -	\$ 5,463	\$ 586,944
Salaries and benefits	71,088	1,848	1,887	74,823
State principal apportionment	2,804	-	-	2,804
Deferred payroll	136,747	-	-	136,747
Total	<u>\$ 792,120</u>	<u>\$ 1,848</u>	<u>\$ 7,350</u>	<u>\$ 801,318</u>

NOTE 8 - UNEARNED REVENUE

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

	General Fund
Federal financial assistance	<u>\$ 7,165</u>

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Compensated absences - net	\$ 51,340	\$ -	\$ 18,804	\$ 32,536
Other postemployment benefit (OPEB) Liability	419,428	96,990	-	516,418
Total	<u>\$ 470,768</u>	<u>\$ 96,990</u>	<u>\$ 18,804</u>	<u>\$ 548,954</u>

Compensated absences and other postemployment benefits will be paid by the fund for which the employee worked.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$32,536.

RAISIN CITY SCHOOL DISTRICT

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

Total Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported total OPEB liability, deferred outflows of resources, and OPEB expense for the following plan:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 516,418	\$ 6,724	\$ 90,266

The details of the plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	1
Active employees	24
Total	<u>25</u>

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Raisin City Teachers Association (RCTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, RCTA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District paid \$4,345 in benefits.

RAISIN CITY SCHOOL DISTRICT

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

Total OPEB Liability of the District

The District's total OPEB liability of \$516,418 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.0 percent, average, including inflation
Discount rate	3.15 percent
Healthcare cost trend rates	6.5 percent for 2019 and 5.0 percent thereafter

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

Pre-retirement mortality rates were based on the RPH-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2017 Health Annuitant Mortality Table for Males and Females, as appropriate, without projection.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in the Total OPEB Liability

Balance, June 30, 2018	Total OPEB Liability
Service cost	\$ 419,428
Interest	74,260
Changes of assumptions or other inputs	17,203
Benefit payments	9,872
Net change in total OPEB liability	(4,345)
Balance, June 30, 2019	<u>96,990</u>
	<u>\$ 516,418</u>

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

Changes of Assumptions - The plan rate of return was changed from 3.50 percent to 3.15 percent since the previous valuation.

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.15%)	\$ 545,367
Current discount rate (3.15%)	516,418
1% increase (4.15%)	488,601

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (3%)	\$ 465,663
Current healthcare cost trend rate (4%)	516,418
1% increase (5%)	574,245

OPEB Expense and Deferred Outflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$90,266. At June 30, 2019, the District reported deferred outflow of resources for a change in assumptions in the amount of \$6,724.

The deferred outflows of resources related to a change of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period.

RAISIN CITY SCHOOL DISTRICT

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

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follow:

Year Ended June 30,	Deferred Outflows of Resources
2020	\$ 1,062
2021	1,062
2022	1,062
2023	1,062
2024	1,064
Thereafter	1,412
Total	<u>\$ 6,724</u>

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 1,000	\$ -	\$ -	\$ 1,000
Stores inventories	-	-	2,801	2,801
Total Nonspendable	<u>1,000</u>	<u>-</u>	<u>2,801</u>	<u>3,801</u>
Restricted				
Legally restricted programs	29,077	-	260,607	289,684
Capital projects	-	-	9,166	9,166
Total Restricted	<u>29,077</u>	<u>-</u>	<u>269,773</u>	<u>298,850</u>
Assigned				
Deferred maintenance program	1,199	-	-	1,199
Other assignments	188	-	-	188
Capital Projects	-	-	1,607	1,607
Total Assigned	<u>1,387</u>	<u>-</u>	<u>1,607</u>	<u>2,994</u>
Unassigned	<u>3,582,383</u>	<u>-</u>	<u>1,607</u>	<u>3,582,383</u>
Total	<u>\$ 3,613,847</u>	<u>\$ -</u>	<u>\$ 274,181</u>	<u>\$ 3,888,028</u>

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, the District contracted with the Organization of Self-Insured Schools (OSS) for property and liability insurance coverage.

Workers' Compensation

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

Employee Medical Benefits

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

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 1,500,919	\$ 434,920	\$ 394,049	\$ 122,261
CalPERS	1,332,525	535,581	6,131	285,165
Total	\$ 2,833,444	\$ 970,501	\$ 400,180	\$ 407,426

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were \$197,094.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 1,500,919
State's proportionate share of the net pension liability associated with the District	859,346
Total	<u>\$ 2,360,265</u>

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0016 percent and 0.0019 percent, resulting in a net decrease in the proportionate share of 0.0003 percent.

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$122,261. In addition, the District recognized pension expense and revenue of \$100,954 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 197,094	\$ -
Net change in proportionate share of net pension liability	-	314,453
Difference between projected and actual earnings on pension plan investments	-	57,794
Differences between expected and actual experience in the measurement of the total pension liability	4,654	21,802
Changes of assumptions	233,172	-
Total	<u>\$ 434,920</u>	<u>\$ 394,049</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Inflows of Resources
2020	\$ 12,550
2021	(9,105)
2022	(48,488)
2023	(12,751)
Total	<u>\$ (57,794)</u>

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ (20,496)
2021	(20,496)
2022	(20,496)
2023	(10,929)
2024	5,451
Thereafter	(31,463)
Total	<u>\$ (98,429)</u>

Actuarial Methods and Assumptions

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 2,198,671
Current discount rate (7.10%)	1,500,919
1% increase (8.10%)	922,415

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were \$131,720.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$1,332,525. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0050 percent and 0.0044 percent, resulting in a net increase in the proportionate share of 0.0006 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$285,165. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 131,720	\$ -
Net change in proportionate share of net pension liability	172,530	6,131
Difference between projected and actual earnings on pension plan investments	10,930	-
Differences between expected and actual experience in the measurement of the total pension liability	87,355	-
Changes of assumptions	133,046	-
Total	<u>\$ 535,581</u>	<u>\$ 6,131</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

Year Ended June 30,	Deferred Outflows of Resources
2020	\$ 39,755
2021	9,507
2022	(30,466)
2023	(7,866)
Total	<u>\$ 10,930</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 163,772
2021	165,087
2022	57,741
Total	<u>\$ 386,600</u>

Actuarial Methods and Assumptions

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

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

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 1,940,093
Current discount rate (7.15%)	1,332,525
1% increase (8.15%)	828,461

RAISIN CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to contribute to Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$79,309 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

The District is 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.

RAISIN CITY SCHOOL DISTRICT

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

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the California's Valued Trust (CVT), the Fresno County Self-Insurance Group (FCSIG), and the Organization of Self-Insured Schools (OSS) joint powers authorities (JPAs). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

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

During the year ended June 30, 2019, the District made payments of \$490,658 to CVT for health, dental, vision and life insurance.

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

During the year ended June 30, 2019, the District made payments of \$58,983 to FCSIG for workers' compensation insurance.

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

During the year ended June 30, 2019, the District made payments of \$23,873 to OSS for property and liability insurance.

This page left blank intentionally.

REQUIRED SUPPLEMENTARY INFORMATION

This page left blank intentionally.

RAISIN CITY SCHOOL DISTRICT

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

	Budgeted Amounts		Actual ¹	Variances - Favorable (Unfavorable)
	Original	Final		Final to Actual
REVENUES				
Local Control Funding Formula	\$ 3,270,043	\$ 3,247,355	\$ 3,305,280	\$ 57,925
Federal sources	320,676	388,919	371,163	(17,756)
Other State sources	162,283	114,879	328,311	213,432
Other local sources	244,814	236,604	330,902	94,298
Total Revenues	3,997,816	3,987,757	4,335,656	347,899
EXPENDITURES				
Current				
Certificated salaries	1,253,907	1,287,049	1,267,404	19,645
Classified salaries	757,137	644,131	657,873	(13,742)
Employee benefits	998,975	890,264	1,048,801	(158,537)
Books and supplies	320,858	526,063	300,853	225,210
Services and operating expenditures	1,250,255	1,179,922	905,259	274,663
Capital outlay	25,550	16,050	16,050	-
Total Expenditures	4,606,682	4,543,479	4,196,240	347,239
Excess (Deficiency) of Revenues Over Expenditures	(608,866)	(555,722)	139,416	695,138
Other Financing Sources				
Transfers in	2,000	2,000	2,000	-
NET CHANGE IN FUND BALANCES	(606,866)	(553,722)	141,416	695,138
Fund Balance - Beginning	3,472,431	3,472,431	3,472,431	-
Fund Balance - Ending	\$ 2,865,565	\$ 2,918,709	\$ 3,613,847	\$ 695,138

¹ On behalf payments of \$93,264 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

RAISIN CITY SCHOOL DISTRICT

**CHILD DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual¹	Variances -
	Original	Final		Favorable (Unfavorable)
				Final to Actual
REVENUES				
Other State sources	\$ 102,404	\$ 87,013	\$ 90,292	\$ 3,279
Other local sources	-	13,210	13,368	158
Total Revenues	102,404	100,223	103,660	3,437
EXPENDITURES				
Current				
Certificated salaries	34,835	34,844	34,844	-
Classified salaries	31,162	28,463	28,463	-
Employee benefits	36,407	35,684	39,121	(3,437)
Services and operating expenditures	-	242	242	-
Total Expenditures	102,404	99,233	102,670	(3,437)
NET CHANGE IN FUND BALANCES	-	990	990	-
Fund Balance - Beginning	(990)	(990)	(990)	-
Fund Balance - Ending	\$ (990)	\$ -	\$ -	\$ -

¹ On behalf payments of \$3,424 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

RAISIN CITY SCHOOL DISTRICT

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

	2019	2018
Total OPEB Liability		
Service cost		
Interest	\$ 74,260	\$ 72,548
Changes of assumptions	17,203	13,939
Benefit payments	9,872	(2,434)
Net change in total OPEB liability	<u>(4,345)</u>	<u>(4,080)</u>
Total OPEB liability - beginning	96,990	79,973
Total OPEB liability - ending	<u>\$ 516,418</u>	<u>\$ 419,428</u>
 Covered payroll	 <u>N/A ¹</u>	 <u>N/A ¹</u>
 District's total OPEB liability as a percentage of covered payroll	 <u>N/A ¹</u>	 <u>N/A ¹</u>

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

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

See accompanying note to required supplementary information.

RAISIN CITY SCHOOL DISTRICT

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

	<u>2019</u>	<u>2018</u>
CalSTRS		
District's proportion of the net pension liability	<u>0.0016%</u>	<u>0.0019%</u>
District's proportionate share of the net pension liability	\$ 1,500,919	\$ 1,766,038
State's proportionate share of the net pension liability associated with the District	<u>859,346</u>	<u>1,044,773</u>
Total	<u>\$ 2,360,265</u>	<u>\$ 2,810,811</u>
District's covered payroll	<u>\$ 921,594</u>	<u>\$ 966,176</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>162.86%</u>	<u>182.79%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.0050%</u>	<u>0.0044%</u>
District's proportionate share of the net pension liability	<u>\$ 1,332,525</u>	<u>\$ 1,047,367</u>
District's covered payroll	<u>\$ 688,507</u>	<u>\$ 589,819</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>193.54%</u>	<u>177.57%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>

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

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.0020%</u>	<u>0.0021%</u>	<u>0.0022%</u>
\$ 1,623,434	\$ 1,437,781	\$ 1,284,475
<u>924,192</u>	<u>760,428</u>	<u>775,622</u>
<u>\$ 2,547,626</u>	<u>\$ 2,198,209</u>	<u>\$ 2,060,097</u>
<u>\$ 1,040,168</u>	<u>\$ 1,033,491</u>	<u>\$ 991,600</u>
<u>156.07%</u>	<u>139.12%</u>	<u>129.54%</u>
<u>70%</u>	<u>74%</u>	<u>77%</u>
<u>0.0033%</u>	<u>0.0035%</u>	<u>0.0031%</u>
\$ 658,859	\$ 517,310	\$ 351,955
\$ 412,172	\$ 387,571	\$ 308,478
<u>159.85%</u>	<u>133.47%</u>	<u>114.09%</u>
<u>74%</u>	<u>79%</u>	<u>83%</u>

RAISIN CITY SCHOOL DISTRICT

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

	<u>2019</u>	<u>2018</u>
CalSTRS		
Contractually required contribution	\$ 197,094	\$ 132,986
Contributions in relation to the contractually required contribution	<u>197,094</u>	<u>132,986</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 1,210,651</u>	<u>\$ 921,594</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>
CalPERS		
Contractually required contribution	\$ 131,720	\$ 106,932
Contributions in relation to the contractually required contribution	<u>131,720</u>	<u>106,932</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 729,266</u>	<u>\$ 688,507</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>

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

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 121,545	\$ 111,610	\$ 91,774
<u>121,545</u>	<u>111,610</u>	<u>91,774</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 966,176	\$ 1,040,168	\$ 1,033,491
<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

\$ 81,914	\$ 48,830	\$ 45,621
<u>81,914</u>	<u>48,830</u>	<u>45,621</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 589,819	\$ 412,172	\$ 387,571
<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

RAISIN CITY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2019, the District's Child Development Fund exceeded the budgeted amounts in total as follows which was caused by the required recording of State on behalf contributions totaling \$3,424 relating to Senate Bill 90 (Chapter 33, Statutes of 2019).

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
Child Development	\$ 35,684	\$ 39,121	\$ 3,437

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

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

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

Changes of Assumptions - The plan rate of return was changed from 3.50 percent to 3.15 percent since the previous valuation.

RAISIN CITY SCHOOL DISTRICT

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

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

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

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

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

Schedule of District Contributions

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

This page left blank intentionally.

SUPPLEMENTARY INFORMATION

This page left blank intentionally.

RAISIN CITY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

ORGANIZATION

The Raisin City School District was established on February 7, 1908, and consists of an area comprising approximately 43 square miles, located in Fresno County. The District operates one elementary school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Nancy Schwabenland	President	2020
Tina Medina	Clerk	2022
Mario Alvarado	Member	2020
Anthony Monreal	Member	2022
Laday Ramirez	Member	2021

ADMINISTRATION

Juan R. Sandoval	Superintendent
------------------	----------------

See accompanying note to supplementary information.

RAISIN CITY SCHOOL DISTRICT

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

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	130.60	131.18
Fourth through sixth	85.09	84.59
Seventh and eighth	62.11	62.91
Total Regular ADA	277.80	278.68

See accompanying note to supplementary information.

RAISIN CITY SCHOOL DISTRICT

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

Grade Level	1986-1987 Minutes Requirement	2018-2019 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	54,000	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,000	180	N/A	Complied
Grade 2		54,000	180	N/A	Complied
Grade 3		54,000	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,000	180	N/A	Complied
Grade 5		54,000	180	N/A	Complied
Grade 6		54,000	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		54,000	180	N/A	Complied
Grade 8		54,000	180	N/A	Complied

See accompanying note to supplementary information.

RAISIN CITY SCHOOL DISTRICT

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

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

See accompanying note to supplementary information.

RAISIN CITY SCHOOL DISTRICT

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

	(Budget) 2020 ^{1,3}	2019 ³	2018 ³	2017 ³
GENERAL FUND				
Revenues and other sources	\$ 4,075,429	\$ 4,337,629	\$ 4,336,097	\$ 4,105,665
Expenditures and other uses	4,780,504	4,196,240	3,783,278	4,296,775
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ (705,075)</u>	<u>\$ 141,389</u>	<u>\$ 552,819</u>	<u>\$ (191,110)</u>
ENDING FUND BALANCE	<u>\$ 2,907,385</u>	<u>\$ 3,612,460</u>	<u>\$ 3,471,071</u>	<u>\$ 2,918,252</u>
AVAILABLE RESERVES ²	<u>\$ 2,907,386</u>	<u>\$ 3,582,383</u>	<u>\$ 3,429,186</u>	<u>\$ 2,817,127</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ⁴	<u>60.8%</u>	<u>87.3%</u>	<u>90.6%</u>	<u>65.6%</u>
LONG-TERM OBLIGATIONS	<u>Not Available</u>	<u>\$ 548,954</u>	<u>\$ 470,768</u>	<u>\$ 360,905</u>
AVERAGE DAILY ATTENDANCE AT P-2	<u>268</u>	<u>278</u>	<u>284</u>	<u>262</u>

The General Fund balance has increased by \$694,209 over the past two years. The fiscal year 2019-2020 budget projects a decrease of \$705,075 (19.52 percent). For a district this size, the State recommends available reserves of at least five percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by \$188,049 over the past two years due to changes in the OPEB liability.

Average daily attendance has increased by sixteen over the past two years. A decline of ten ADA is anticipated during fiscal year 2019-2020.

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

² Available reserves consists of unassigned fund balance in the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay as required by GASB Statement No. 54.

⁴ On behalf payments of \$93,264 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

This page left blank intentionally.

RAISIN CITY SCHOOL DISTRICT

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

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
California Academy of Sports Science Fresno (Charter School Number 1913)	No
Ambassador Phillip V. Sanchez II Public Charter School (Charter School Number 1905)	No
Ambassador Phillip V. Sanchez Public Charter School (Charter School Number 1335)	No

See accompanying note to supplementary information.

RAISIN CITY SCHOOL DISTRICT

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

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
ASSETS			
Deposits and investments	\$ 223,163	\$ 2,054	\$ 11,083
Receivables	50,289	7,112	50,677
Stores inventories	2,801	-	-
Total Assets	\$ 276,253	\$ 9,166	\$ 61,760
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,350	\$ -	\$ -
Due to other funds	5,495	-	61,760
Total Liabilities	12,845	-	61,760
Fund Balances:			
Nonspendable	2,801	-	-
Restricted	260,607	9,166	-
Assigned	-	-	-
Total Fund Balances	263,408	9,166	-
Total Liabilities and Fund Balances	\$ 276,253	\$ 9,166	\$ 61,760

See accompanying note to supplementary information.

Special Reserve Capital Outlay Fund	Total Non-Major Governmental Funds
\$ 1,606	\$ 237,906
1	108,079
-	2,801
<u>\$ 1,607</u>	<u>\$ 348,786</u>
\$ -	\$ 7,350
-	67,255
-	74,605
-	2,801
-	269,773
1,607	1,607
<u>1,607</u>	<u>274,181</u>
<u>\$ 1,607</u>	<u>\$ 348,786</u>

RAISIN CITY SCHOOL DISTRICT

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

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
REVENUES			
Federal sources	\$ 347,900	\$ -	\$ -
Other State sources	21,416	-	50,673
Other local sources	5,800	7,307	384
Total Revenues	<u>375,116</u>	<u>7,307</u>	<u>51,057</u>
EXPENDITURES			
Current			
Pupil services:			
Food services	346,140	-	-
Facility acquisition and construction	-	31,813	91,810
Total Expenditures	<u>346,140</u>	<u>31,813</u>	<u>91,810</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>28,976</u>	<u>(24,506)</u>	<u>(40,753)</u>
Other Financing Uses			
Transfers out	(2,000)	-	-
NET CHANGE IN FUND BALANCES	26,976	(24,506)	(40,753)
Fund Balance - Beginning	236,432	33,672	40,753
Fund Balance - Ending	<u>\$ 263,408</u>	<u>\$ 9,166</u>	<u>\$ -</u>

See accompanying note to supplementary information.

Special Reserve Capital Outlay Fund	Total Non-Major Governmental Funds
\$ -	\$ 347,900
-	72,089
32	13,523
32	433,512
-	346,140
-	123,623
-	469,763
32	(36,251)
-	(2,000)
32	(38,251)
1,575	312,432
\$ 1,607	\$ 274,181

RAISIN CITY SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

INDEPENDENT AUDITOR'S REPORTS

This page left blank intentionally.



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

Governing Board
Raisin City School District
Raisin City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raisin City School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Raisin City School District's basic financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Raisin City 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 Raisin City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Raisin City School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Raisin City School District in a separate letter dated December 16, 2019.

Purpose of this Report

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



Fresno, California
December 16, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Raisin City School District
Raisin City, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

Basis for Qualified Opinion on Classroom Teacher Salaries and Instructional Materials

As described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002, Raisin City School District did not comply with requirements regarding Classroom Teacher Salaries and Instructional Materials. Compliance with such requirements is necessary, in our opinion, for Raisin City School District to comply with the requirements applicable to that program.

Qualified Opinion on Classroom Teacher Salaries and Instructional Materials

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Raisin City School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Programs

In our opinion, Raisin City School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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

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

CHARTER SCHOOLS

Procedures
Performed

Attendance

No (see below)

Mode of Instruction

No (see below)

Non Classroom-Based Instruction/Independent Study for Charter Schools

No (see below)

Determination of Funding for Non Classroom-Based Instruction

No (see below)

Annual Instruction Minutes Classroom-Based

No (see below)

Charter School Facility Grant Program

No (see below)

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

We did not perform Continuation Education procedures because the program is not offered by the District.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

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

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

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

We did not perform procedures for the After/Before School Education and Safety Program because the District does not operate the program.

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

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

Eide Sully LLP

Fresno, California
December 16, 2019

This page left blank intentionally.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

This page left blank intentionally.

RAISIN CITY SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

The District was not subject to a Single Audit under Uniform Guidance as their total Federal award expenditures were under the minimum threshold of \$750,000.

STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
Unmodified for all programs except for the following programs which were qualified:	

<u>Name of Programs</u>
<u>Classroom Teacher Salaries</u>
<u>Instructional Materials</u>

RAISIN CITY SCHOOL DISTRICT

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

None reported.

RAISIN CITY SCHOOL DISTRICT

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

The following findings represent instances of noncompliance and questioned costs relating to State program laws and regulations. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
61000	Classroom Teacher Salaries
70000	Instructional Materials

2019-001 70000

INSTRUCTIONAL MATERIALS

Criteria

Education Code Section 60119 requires a public hearing be held on or before the eighth week from the first day pupils attended school for that year. The governing board must provide a ten-day notice of the required public hearing, and the notice should include the time, place and purpose of the hearing.

Condition

During our audit of the District's IMFRP, we discovered the public hearing notice did not comply with *Education Code* Section 60119.

Effect

The District was not in compliance with *Education Code* Section 60119. There is no fiscal impact due to this noncompliance.

Cause

The public hearing notice was posted on September 6, 2018, advertising the public meeting on September 10, 2018. This posting did not meet the required ten-day notice. Also, the public hearing notice did not include the time that the hearing was scheduled to take place.

Recommendation

The District should implement procedures to ensure that future public hearing notices are posted ten days in advance and include the time the hearing is to take place.

Corrective Action Plan

As stated in the prior years' corrective action, the District placed the annual public hearing on the master calendar of Board items to ensure it was held within the first eight-weeks of school however, the public hearing notice was inadvertently posted too late. We have now added a specific notation/reminder regarding the posting of the public hearing notice ten-days prior to the hearing to the master calendar of Board items.

RAISIN CITY SCHOOL DISTRICT

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

2019-002 61000

CLASSROOM TEACHER SALARIES

Criteria

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 60 percent (for elementary districts) of total expenditures of the District.

Condition

The District spent 48.19 percent of their current expense of education on classroom teacher salaries and benefits which was below their 60 percent requirement.

Questioned Costs

The deficiency was calculated to be \$488,916 (11.81 percent).

Effect

The deficiency amount was determined to be \$488,916; therefore, the District is out of compliance with *Education Code* Section 41372.

Cause

Based on the adopted Local Control and Accountability Plan, the District has spent more of it's funding on instructional materials and technology to enhance student learning and success.

Recommendation

We recommend the District continue to work on this requirement and apply for a waiver of the requirement from the Fresno County Superintendent of Schools.

Current Status

The District will request a waiver from the requirement of *Education Code* Section 41372 from the Fresno County Superintendent of Schools.

RAISIN CITY SCHOOL DISTRICT

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

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2018-001 30000

Internal Control

Criteria

Proper segregation of duties and oversight are required in the purchasing internal control environment to ensure the proper use of District funds. Current internal control procedures, as communicated during the audit, require that an approval signature from the Superintendent is obtained for all District purchases and warrant lists are included within the Board packet for their review as well. Without such procedures, the possibility arises that unallowable or inappropriate purchases are processed and/or budgets can be overspent.

Condition

During our test of effectiveness over internal controls, we found instances where purchases were made without the required Superintendents approval signature being obtained prior to the purchase being made or invoices paid.

Effect

Due to the fact that purchases were processed without the Superintendents signature to provide for segregation of duties we were unable to place reliance on the internal control system during our audit as that control is deemed to be a key control in the disbursements process.

Cause

Purchases were made and invoices paid without the Superintendents signature which, due to the limited business office staffing, did not provide for proper segregation of duties over disbursements. The business office personnel must have administrative support in order to implement the internal controls that are needed and to protect everyone involved. A proper "ton at the top" must continue to be maintained for proper internal controls to be followed by all parties at the District.

Recommendation

The District needs to follow its internal controls over the purchasing process and obtain pre-approval signatures for all purchases. This process and procedure is imperative as the small size and limited staffing at the district further make the segregation of duties control difficult to utilize.

RAISIN CITY SCHOOL DISTRICT

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

Current Status

Implemented.

State Awards Findings and Questioned Costs

2018-002 61000

Classroom Teacher Salaries

Criteria

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 60 percent (for elementary districts) of total expenditures of the District.

Condition

The District spent 57.22 percent of their current expense of education on classroom teacher salaries and benefits which was below their 60 percent requirement.

Questioned Costs

The deficiency was calculated to be \$78,982 (2.78 percent).

Effect

The deficiency amount was determined to be \$78,982; therefore, the District is out of compliance with *Education Code* Section 41372.

Cause

Based on the adopted Local Control and Accountability Plan, the District has spent more of it's funding on instructional materials and technology to enhance student learning and success.

Recommendation

We recommend the District continue to work on this requirement and apply for a waiver of the requirement from the Fresno County Office of Education.

Current Status

Not implemented. Please see current year findings and recommendations.

RAISIN CITY SCHOOL DISTRICT

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

2018-003 70000

Instructional Materials

Criteria

According to the requirements of *Education Code* Section 60119, the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, is required to hold a public hearing or hearings on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or county office of education having schools that operate on a multi-track, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

Condition

During our audit of the Raisin City School District's Instructional Materials Funding Realignment Program, we found that the District did not pass a Resolution on or before the eighth week of school from the first day pupils attended school for that year. However, the District did have a public hearing on the matter within the eighth week. Also, the Public Hearing notice posted did not list the time the meeting was to be held.

Effect

By not holding a public hearing and making a determination through a resolution as to the sufficiency of textbooks or other instructional materials on or before the end of the eighth week from the first day pupils attended school any deficiencies cannot be corrected timely.

Cause

District administration did not ensure that a resolution was passed regarding the sufficiency of textbooks within the first eight weeks of school.

Recommendation

The District should implement procedures to ensure that future public hearings are held on or before the eighth week of school from the first day pupils attended for the year and to pass a Resolution on the matter. In addition, the public hearing notice needs to list the time and location and be posted at least ten days in advance.

Current Status

Not implemented. Please see current year findings and recommendations.

This page left blank intentionally.



Management
Raisin City School District
Raisin City, California

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

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 16, 2019, on the government-wide financial statements of the District.

Bank Reconciliations

Observation

During our audit, we discovered that the bank reconciliations were not being completed on a monthly basis and were not being independently reviewed by personnel other than the preparer of the reconciliation.

Recommendation

In order to maintain strong internal controls, the site should complete a bank reconciliation each month and have an independent review of the bank reconciliation. The preparer and reviewer should sign and date the reconciliation and the reviewer should initial the bank statement.

Inventory Reconciliation

Observation

We discovered the advisor in charge of the snack shack does track individual sales and also periodically takes inventory of sale items. However, there is no reconciliation between the sales deposits to the changes of inventory. Without a reconciliation procedure there is no way to determine if items have gone missing or stolen.

Recommendation

Whenever inventory is taken for the snack shack, there should be a procedure that reconciles the changes in inventory to the total sales from the previous inventory count. In doing so, the advisor ensures that all revenue has been accurately recorded and deposited.

Management
Raisin City School District

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

Eide Bailly LLP

Fresno, California
December 16, 2019