

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**COUNTY OF COLUSA  
WILLIAMS, CALIFORNIA**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**WILLIAMS UNIFIED SCHOOL DISTRICT**

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# WILLIAMS UNIFIED SCHOOL DISTRICT

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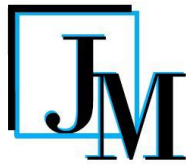
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**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Williams Unified School District  
Williams, 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 Williams Unified School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Williams Unified School District (the “District”), as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund, Schedule of Changes in the District’s Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Pension Contributions 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.

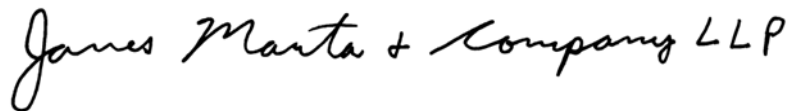
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by the August 2019 Edition of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents 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 November 1, 2019 on our consideration of the 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 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 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 1, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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This section of the Williams Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the Independent Auditor's Report and the District's financial statements, which immediately follows this section.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 10 and 11, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 12 through 15, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

**FINANCIAL HIGHLIGHTS**

The District's net position decreased by -133.0% from 2017-18 to 2018-19. This was brought about primarily by the investment in capital assets and the increase in the net pension.

- Capital assets increased by \$3,076,086 due primarily to building improvements.
- Total long-term liabilities decreased \$70,614, or .2%, primarily due to the payments made for the capital leases, the General Obligation Bonds, and the Certificate of Participation.
- The District's P-2 ADA decreased from 1,242 ADA at June 30, 2018 to 1,224 ADA at June 30, 2019, a decrease of 18 ADA. In addition, the district, under LCFF rules, now claims County Program ADA. The amount claimed for 2018-19 was 4.73 ADA.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2018-19, total General Fund expenditures and other financing uses totaled \$17,801,525. At June 30, 2019, the District has a reserve for economic uncertainty of \$534,045 in the Unrestricted General Fund, which represents a reserve of 3.0%.



**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, district-wide and funds.

District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.

- Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
- Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements.
- Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

**Reporting the District as a Whole**

The District as a whole is reported in the District-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position can be measured by the difference between the District's assets and liabilities.

Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

**Governmental Activities:**

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal contracts and grants, and local revenues.

**Business-type Activities:**

The District does not provide any services that should be included in this category.

**Reporting the District's Most Significant Funds**

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

**Governmental Funds**

The major governmental funds of the Williams Unified School District are the General Fund, Building Fund and the County School Facilities Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the information helps to determine the level of financial resource balances that remain at the end of the year. A modified accrual basis of accounting measures for cash and all other financial assets that can readily be converted to cash are being presented. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

**Proprietary Funds**

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District does not have funds of this type.

**Fiduciary Funds**

The District is the trustee, or fiduciary, for its student activity funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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*FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE*

<b>Condensed Statement of Net Position</b>				
	June 30, 2018	June 30, 2019	Change	Percentage Change
<b>Assets</b>				
Current assets	\$ 15,689,143	\$ 12,892,729	\$ (2,796,414)	-17.8%
Capital assets	11,704,505	14,780,591	3,076,086	26.3%
Total assets	27,393,648	27,673,320	279,672	1.0%
<b>Deferred Outflows of Resources</b>	4,674,976	7,052,459	2,377,483	50.9%
Current liabilities	2,584,485	2,197,331	(387,154)	-15.0%
Long-term liabilities	28,444,072	28,520,560	76,488	0.3%
Total liabilities	31,028,557	30,717,891	(310,666)	-1.0%
<b>Deferred Inflows of Resources</b>	3,077,529	3,336,301	258,772	8.4%
<b>Net Position</b>				
Invested in capital assets	5,276,487	7,011,266	1,734,779	32.9%
Restricted	9,964,081	6,719,267	(3,244,814)	-32.6%
Unrestricted	(17,278,030)	(13,058,946)	4,219,084	-24.4%
Total net position	\$ (2,037,462)	\$ 671,587	\$ 2,709,049	-133.0%

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

**Condensed Statement of Activities for the Fiscal Years Ended June 30**

	2018	2019	Change	Percentage Change
<b>Revenues</b>				
Charges for services	\$ 85,657	\$ 106,151	\$ 20,494	23.9%
Operating grants and contributions	3,000,421	4,279,868	1,279,447	42.6%
Taxes levied for general purposes	3,369,370	3,400,619	31,249	0.9%
Taxes levied for debt service	465,402	484,410		
Federal and state aid not restricted for specific purposes	10,504,012	11,300,381	796,369	7.6%
Interest and investment earnings	67,192	117,884	50,692	75.4%
Miscellaneous	129,047	700,255	571,208	100.0%
Special and extraordinary items	-	6,111	6,111	100.0%
Total revenues	17,621,101	20,395,679	2,774,578	15.7%
<b>Expenses</b>				
Instruction	10,934,688	8,783,963	(2,150,725)	-19.7%
Instruction related services	1,905,627	1,813,439	(92,188)	-4.8%
Pupil services	1,714,661	1,618,077	(96,584)	-5.6%
General administration	1,884,336	1,568,349	(315,987)	-16.8%
Plant services	1,540,450	1,418,656	(121,794)	-7.9%
Ancillary services	137,871	138,573	702	0.5%
Interest on long-term debt	360,491	683,360	322,869	89.6%
Other outgo	1,249,943	916,904	(333,039)	-26.6%
Depreciation (unallocated)	689,404	745,309	55,905	8.1%
Total expenses	20,417,471	17,686,630	(2,730,841)	-13.4%
Change in net position	\$ (2,796,370)	\$ 2,709,049	\$ 5,505,419	-196.9%

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

As the District completed the school year, the governmental funds reported a combined fund balance of \$11,902,622.

**General Fund Budgetary Highlights**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures. In addition, the District revises its budget at First and Second Interim and any other time there are significant changes.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

- Capital assets increased \$3,076,086 due primarily to building improvements.

**Long-Term Liabilities**

- Total long-term liabilities decreased \$70,614, or .2%, primarily due to the payments made for the capital leases, the General Obligation Bonds, and the Certificate of Participation.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. Enrollment is expected to decrease in fiscal year 2019-20.

The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

## **BASIC FINANCIAL STATEMENTS**

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,556,512
Receivables	1,320,223
Stores inventory	15,994
Capital assets, net of accumulated depreciation	14,780,591
Total Assets	27,673,320
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Discount on Certificate of Participation	45,808
Deferred outflows on OPEB (note 7)	88,140
Deferred outflows on pensions (note 6)	6,918,511
Total Deferred Outflows	7,052,459
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	1,223,748
Unearned revenue	57,355
Long-term liabilities:	
Due within one year	916,228
Due in more than one year	28,520,560
Total Liabilities	30,717,891
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred bond premium revenue	663,917
Deferred inflows on pensions (note 6)	2,672,384
Total Deferred Inflows	3,336,301
<b>NET POSITION</b>	
Net investment in capital assets	7,011,266
Restricted	6,719,267
Unrestricted	(13,058,946)
Total Net Position	\$ 671,587

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

		<b>Program Revenues</b>			<b>Net (Expense) Revenues and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental Activities					
Instruction	\$ 8,783,963	\$ 52	\$ 2,242,106	\$ -	\$ (6,541,805)
Instruction-related services:					
Instructional supervision and administration	151,668	-	144,275	-	(7,393)
Instructional library, media and technology	535,638	-	8,365	-	(527,273)
School site administration	1,126,133	-	131,926	-	(994,207)
Pupil Services:					
Home-to-school transportation	197,570	-	30,859	-	(166,711)
Food services	1,006,927	88,388	915,616	-	(2,923)
All other pupil services	413,580	23	195,542	-	(218,015)
General administration:					
Centralized data processing	34,035	-	-	-	(34,035)
All other general administration	1,534,314	4,752	371,229	-	(1,158,333)
Plant services	1,418,656	491	41,806	-	(1,376,359)
Ancillary services	138,573	30	9,916	-	(128,627)
Interest on long-term debt	683,360	-	-	-	(683,360)
Other outgo	916,904	12,415	188,228	-	(716,261)
Depreciation (unallocated)	745,309	-	-	-	(745,309)
Total governmental activities	<u>\$ 17,686,630</u>	<u>\$ 106,151</u>	<u>\$ 4,279,868</u>	<u>\$ -</u>	<u>(13,300,611)</u>
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					3,400,619
Taxes levied for debt service					484,410
Federal and state aid not restricted to specific purposes					11,300,381
Interest and investment earnings					117,884
Miscellaneous					700,255
Special and extraordinary items					6,111
Total General Revenues					<u>16,009,660</u>
Change in Net Position					2,709,049
Net Position - beginning					<u>(2,037,462)</u>
Net Position, June 30, 2019					<u>\$ 671,587</u>



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

	<b>General Fund</b>	<b>Building Fund</b>	<b>All Non-Major Funds</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,380,427	\$ 5,638,428	\$ 1,537,657	\$11,556,512
Accounts receivable	1,216,201	-	104,022	1,320,223
Due from other funds	58,211	-	8,203	66,414
Stores inventory	-	-	15,994	15,994
Total Assets	<u>\$ 5,654,839</u>	<u>\$ 5,638,428</u>	<u>\$ 1,665,876</u>	<u>\$12,959,143</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 524,293	\$ 400,530	\$ 7,929	\$ 932,752
Due to other funds	8,203	-	58,211	66,414
Unearned revenue	57,355	-	-	57,355
Total Liabilities	<u>589,851</u>	<u>400,530</u>	<u>66,140</u>	<u>1,056,521</u>
Fund balances				
Nonspendable	6,050	-	16,044	22,094
Restricted	447,733	5,237,898	1,033,636	6,719,267
Assigned	4,077,160	-	550,056	4,627,216
Unassigned	534,045	-	-	534,045
Total Fund Balances	<u>5,064,988</u>	<u>5,237,898</u>	<u>1,599,736</u>	<u>11,902,622</u>
Total liabilities and fund balances	<u>\$ 5,654,839</u>	<u>\$ 5,638,428</u>	<u>\$ 1,665,876</u>	<u>\$12,959,143</u>

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

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Total fund balances - governmental funds	\$ 11,902,622
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Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets at historical cost	\$ 23,957,544	
Accumulated depreciation	(9,176,953)	
Net		14,780,591

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.

(290,996)

Unamortized premiums and discounts: In governmental funds, bond premiums are recognized as revenues in the period they are received while bond discounts are recognized as expenditures in the period they are incurred. In the government-wide statements, premiums and discounts are amortized over the life of the debt. Unamortized premiums and discounts at year-end consist of:

Unamortized portion of COP discounts	45,808
Unamortized portion of bond premiums	(663,917)

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

Net pension liabilities	\$ 14,796,346	
General obligation bonds payable:		
Current Interest	7,570,000	
Net OPEB liability	1,189,220	
Capital lease payable	2,667,753	
Certificate of participation	3,170,000	
Compensated absences payable	43,469	
		(29,436,788)

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	88,140
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Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.

Deferred outflows of resources relating to pensions	6,918,511
Deferred inflows of resources relating to pensions	(2,672,384)

Total net position - governmental activities	\$ 671,587
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**WILLIAMS UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>General Fund</b>	<b>Building Fund</b>	<b>All Non-Major Funds</b>	<b>Totals</b>
<b>REVENUES</b>				
LCFF sources	\$ 14,209,012	\$ -	\$ -	\$ 14,209,012
Federal revenue	1,468,530	-	882,192	2,350,722
Other state revenues	2,150,311	-	86,873	2,237,184
Other local revenues	451,550	143,676	998,094	1,593,320
Total revenues	<u>18,279,403</u>	<u>143,676</u>	<u>1,967,159</u>	<u>20,390,238</u>
<b>EXPENDITURES</b>				
Certificated salaries	6,244,254	-	-	6,244,254
Classified salaries	1,988,764	-	335,094	2,323,858
Employee benefits	3,941,916	-	155,586	4,097,502
Books and supplies	1,166,205	-	567,864	1,734,069
Services and other operating expenditures	2,250,257	-	20,002	2,270,259
Capital outlay	612,427	2,593,325	615,643	3,821,395
Other outgo	861,182	-	55,724	916,906
Debt service expenditures				
Principal	348,972	-	671,177	1,020,149
Interest	126,888	-	287,088	413,976
Total expenditures	<u>17,540,865</u>	<u>2,593,325</u>	<u>2,708,178</u>	<u>22,842,368</u>
Excess (deficiency) of revenues over expenditures	<u>738,538</u>	<u>(2,449,649)</u>	<u>(741,019)</u>	<u>(2,452,130)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	266,771	266,771
Operating transfers out	(260,660)	(6,111)	-	(266,771)
Other sources	-	6,111	-	6,111
Total other financing sources (uses)	<u>(260,660)</u>	<u>-</u>	<u>266,771</u>	<u>6,111</u>
Net change in fund balances	477,878	(2,449,649)	(474,248)	(2,446,019)
Fund balances, July 1, 2018	<u>4,587,110</u>	<u>7,687,547</u>	<u>2,073,984</u>	<u>14,348,641</u>
Fund balances, June 30, 2019	<u>\$ 5,064,988</u>	<u>\$ 5,237,898</u>	<u>\$ 1,599,736</u>	<u>\$ 11,902,622</u>

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Total net change in fund balances - governmental funds	\$ (2,446,019)
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

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

Expenditures for capital outlay	\$ 3,821,395	
Depreciation expense	<u>(745,309)</u>	3,076,086

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

1,020,265

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

(110,643)

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

(30,581)

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

1,178,732

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

(404)

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

21,613

Total change in net position - governmental activities

\$ 2,709,049

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

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**Student Body Funds**

Assets

Cash on hand and in banks	<u>\$ 121,644</u>
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Liabilities

Due to student groups	<u>121,644</u>
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Net Position

	<u>\$ -</u>
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**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. HISTORY OF THE ORGANIZATION**

The Williams Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Governing Board elected by registered voters of the District, which comprises an area in Colusa County. The District serves students in transitional kindergarten through twelfth grade.

**B. REPORTING ENTITY**

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

**C. ACCOUNTING POLICIES**

The District prepares its financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

**D. BASIS OF PRESENTATION**

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the District and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**D. BASIS OF PRESENTATION (CONTINUED)**

Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**F. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, and fiduciary funds as follows:

*Governmental Funds*

The **General Fund** is the general operating fund of the District and accounts for all revenues and expenditures of the District, not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- The **Cafeteria Fund** is used to account separately for federal, state, and local resources to operate the food service program.

The **Capital Projects Funds** are used to account for resources used for the acquisition or construction of major capital facilities and equipment.

- The **Building Fund** is used to account for the proceeds from the sale of bonds and may not be used for any purpose other than those for which the bonds were issued.



**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**F. FUND ACCOUNTING (CONTINUED)**

- The **Capital Facilities Fund** is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626).
- The **County Schools Facilities Fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District is using this fund to account for the 2016 Certificates of Participation activity.

The **Debt Service Funds** are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The District maintains one debt service fund:

- The **Bond Interest and Redemption Fund** is maintained by the County Treasurer and is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The District maintains the following agency fund:

- The **Student Body Fund** is used to account for assets held by the District on behalf of student groups.

**G. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**H. ENCUMBRANCES**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

**I. DEPOSITS AND INVESTMENTS**

The District is authorized to maintain cash in banks and revolving funds that are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

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 County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

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.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**J. INVENTORY**

Inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The Cafeteria Fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state requires the Cafeteria Fund to record the fair market value of these commodities.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**K. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives as follows: buildings and improvements, 5 to 50 years; furniture and equipment, 2 to 15 years; and vehicles, 8 years.

**L. UNEARNED REVENUE**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

**M. INTERFUND BALANCES**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs at cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**N. COMPENSATED ABSENCES**

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**O. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

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

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

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**P. RESTRICTED NET POSITION**

Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then, unrestricted resources as they are needed.

**Q. FUND BALANCE**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

*Assigned Fund Balance* reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for specific purposes.

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**R. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX**

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

The County of Colusa is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. Taxes are levied for each fiscal year on taxable real and personal property in the county. Secured property taxes attach as an enforceable lien on property as of March 1. Property taxes become delinquent after December 10 and April 10, respectively.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

**S. ELIMINATIONS AND RECLASSIFICATIONS**

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**T. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**U. 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 Williams Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2019 consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash in County Treasury	\$ 11,550,412	\$ -
Cash on hand and in banks	-	121,644
Cash in revolving fund	<u>6,100</u>	<u>-</u>
Total	<u>\$ 11,556,512</u>	<u>\$ 121,644</u>

**A. CASH ON HAND AND IN BANKS**

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation.

**B. CASH IN REVOLVING FUNDS**

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

**C. CASH WITH FISCAL AGENT**

Cash with Fiscal Agent represents funds held by third parties restricted for the repayment of the capital lease.

**D. CASH IN COUNTY TREASURY**

County pool investments consist of District cash held by the Colusa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 1,234 days. The pool is rated AAA by Standard and Poor's.

**Interest Rate Risk.** California Government Code Section 53601 limits the District's investments to maturities of five years. 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.

**Credit Risk.** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**3. INTERFUND TRANSACTIONS**

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund		
General Fund	\$ 58,211	\$ 8,203
Nonmajor Funds		
Cafeteria Fund	<u>8,203</u>	<u>58,211</u>
Total	<u>\$ 66,414</u>	<u>\$ 66,414</u>

Interfund Transfers

As of June 30, 2019, the interfund transfers were as follows:

Transfer from General Fund to Capital Facilities Fund to cover K-1 complex payment.	\$ 220,000
Transfer from General Fund to County School Facilities Fund to cover negative interest.	660
Transfer from General Fund to contribute to the Cafeteria Fund.	40,000
Transfer from Building Fund to Bond Interest and Redemption Fund to correct an error.	<u>6,111</u>
Total Transfers	<u>\$ 266,771</u>



**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**4. CAPITAL ASSETS**

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

	Balance July 1, 2018	Additions and Adjustments	Deductions and Adjustments	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 68,237	\$ -	\$ -	\$ 68,237
Work in progress	1,012,592	3,196,751	1,488,265	2,721,078
	<u>1,080,829</u>	<u>3,196,751</u>	<u>1,488,265</u>	<u>2,789,315</u>
Depreciable assets:				
Sites and improvements	6,036,876	-	-	6,036,876
Building and improvements	11,275,827	1,505,730	-	12,781,557
Furniture and equipment	1,807,957	607,179	65,340	2,349,796
Subtotal	<u>19,120,660</u>	<u>2,112,909</u>	<u>65,340</u>	<u>21,168,229</u>
Totals, at cost	<u>20,201,489</u>	<u>5,309,660</u>	<u>1,553,605</u>	<u>23,957,544</u>
Accumulated depreciation:				
Sites and improvements	(1,562,887)	(302,607)	-	(1,865,494)
Building and improvements	(5,843,001)	(306,576)	-	(6,149,577)
Furniture and equipment	(1,091,096)	(136,126)	(65,340)	(1,161,882)
Subtotal	<u>(8,496,984)</u>	<u>(745,309)</u>	<u>(65,340)</u>	<u>(9,176,953)</u>
Depreciable assets, net	<u>10,623,676</u>	<u>1,367,600</u>	<u>-</u>	<u>11,991,276</u>
Capital assets, net	<u>\$ 11,704,505</u>	<u>\$ 4,564,351</u>	<u>\$ 1,488,265</u>	<u>\$ 14,780,591</u>

The entire amount of depreciation expense was unallocated.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**5. LONG TERM LIABILITIES**

**A. SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2019, is shown below:

	<b>Balance</b> <b>July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2019</b>	<b>Due</b> <b>Within</b> <b>One Year</b>
GO Bonds	\$ 8,000,000	\$ -	\$ 430,000	\$ 7,570,000	\$ 445,000
Capital Lease	3,148,018	-	480,265	2,667,753	317,759
Certificate of Participation	3,280,000	-	110,000	3,170,000	110,000
Net OPEB Liability	1,160,944	28,276	-	1,189,220	-
Net Pension Liability	13,875,375	920,971	-	14,796,346	-
Compensated Absences	43,065	404	-	43,469	43,469
	<u>\$ 29,507,402</u>	<u>\$ 949,651</u>	<u>\$ 1,020,265</u>	<u>\$ 29,436,788</u>	<u>\$ 916,228</u>

The General Fund and Capital Facilities Fund make payments for the capital leases. The accrued vacation (compensated absences) and other postemployment benefits will be paid by the fund for which the employee works. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund.

**B. QZAB PROGRAM**

On January 29, 2014, the District entered a QZAB Lease program for the amount of \$2,885,000. The QZAB program consists generally of solar installation and lighting, retrofits to install energy efficient lighting and building repair and rehabilitation, along with electrical distribution upgrades at Williams Junior Senior High School, Williams Upper Elementary School, and Williams Elementary School, and is known as the Williams Unified School District Zone Academies, as more particularly described in the District's application to the California Department of Education, School Facilities Planning Division.

The equipment and improvements are financed by the lease, including (without limitation) installation of solar array energy system, photovoltaic equipment and related property, including (without limitation) photovoltaic modules, inverters, transformers, switches and interconnection equipment, together with all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions located on the Leased Property.

The lease details are included under the capital lease schedules on the following page.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**5. LONG TERM LIABILITIES (CONTINUED)**

**C. CAPITAL LEASES**

Description	Date of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2018	Additions	Redeemed Current Year	Outstanding June 30, 2019
260 11th Stree	4/1/2012	3.50%	10/29/2019	\$ 1,725,109	\$ 364,865	\$ -	\$ 241,278	\$ 123,587
John Deere	10/1/2017	4.50%	9/4/2022	55,069	43,613	-	10,178	33,435
Prop 39 Lease	7/1/2014	2.95%	2/11/2020	461,828	145,716	-	96,431	49,285
QZAB Lease	1/29/2014	1.40% - 5.34%	1/29/2032	2,885,000	2,593,824	-	132,378	2,461,446
				<u>\$ 5,127,006</u>	<u>\$ 3,148,018</u>	<u>-</u>	<u>\$ 480,265</u>	<u>\$ 2,667,753</u>

The leases have minimum payments as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 317,759	\$ 37,892	\$ 355,651
2021	147,266	32,778	180,044
2022	155,704	30,340	186,044
2023	164,201	27,799	192,000
2024	166,512	25,488	192,000
2025-2029	1,002,072	88,230	1,090,302
2030-2034	714,239	15,086	729,325
Totals	<u>\$ 2,667,753</u>	<u>\$ 257,613</u>	<u>\$ 2,925,366</u>

**D. CERTIFICATES OF PARTICIPATION**

In 2016, the District issued Certificates of Participation in the aggregate principal amount of \$3,490,000 for the purpose of financing the acquisition, construction, installation, improvement and equipping of various District facilities, the Certificates, purchase a reserve fund municipal bond insurance policy in lieu of cash funding a bond reserve fund for the Certificates, and pay costs of delivery of the Certificates. The 2016 Certificates of Participation mature through May 2041, and have interest rates ranging from 2.0% to 3.125%.

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2018	Additions	Redeemed Current Year	Outstanding June 30, 2019
2016 COP	4/14/2016	2.00% - 3.125%	5/1/2041	\$ 3,490,000	\$ 3,280,000	\$ -	\$ 110,000	\$ 3,170,000
				<u>\$ 3,490,000</u>	<u>\$ 3,280,000</u>	<u>-</u>	<u>\$ 110,000</u>	<u>\$ 3,170,000</u>

The table on the following page is a schedule of the future payments for the 2016 Certificates of Participation as of June 30, 2019.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**5. LONG TERM LIABILITIES (CONTINUED)**

**D. CERTIFICATES OF PARTICIPATION (CONTINUED)**

Year Ended June 30,	Principal	Interest	Total
2020	\$ 110,000	\$ 83,638	\$ 193,638
2021	115,000	81,438	196,438
2022	115,000	79,138	194,138
2023	120,000	76,838	196,838
2024	120,000	74,438	194,438
2025-2029	645,000	333,751	978,751
2030-2034	725,000	250,575	975,575
2035-2039	845,000	137,270	982,270
2040-2044	375,000	17,650	392,650
Totals	<u>\$ 3,170,000</u>	<u>\$ 1,134,736</u>	<u>\$ 4,304,736</u>

Payments of Certificates of Participation are made from the General Fund.

**E. GENERAL OBLIGATION BONDS**

On August 23, 2017, the District issued Measure C Series A (2017) General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$4,000,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith.

On May 23, 2018, the District issued Measure C Series B (2018) General Obligation Bonds (the "Bonds") in the aggregate principal amount of \$4,000,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith.

The Bonds are payable from the proceeds of *ad valorem* property taxes which the Board of Supervisors of the Colusa County are obligated to levy and collect on all taxable property in the District for the payment of principal and interest on the Bonds when due. The Series A and Series B bonds carry interest rates ranging from 2.0% to 5.0% and mature in staggered amounts each year starting in August 1, 2018 up through August 1, 2047.

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2018	Additions	Redeemed Current Year	Outstanding June 30, 2019
GO Bond Elec	8/23/2017	2.25% - 5.00%	8/1/2047	\$ 4,000,000	\$ 4,000,000	\$ -	\$ 430,000	\$ 3,570,000
GO Bond Elec	5/3/2018	2.00% - 5.00%	8/1/2047	4,000,000	4,000,000	-	-	4,000,000
				<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 430,000</u>	<u>\$ 7,570,000</u>

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**5. LONG TERM LIABILITIES (CONTINUED)**

**E. GENERAL OBLIGATION BONDS (CONTINUED)**

The annual requirements to amortize the bonds as of June 30, 2019 are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	445,000	323,575	768,575
2021	65,000	310,225	375,225
2022	55,000	307,625	362,625
2023	65,000	305,425	370,425
2024	20,000	302,825	322,825
2025-2029	290,000	1,502,413	1,792,413
2030-2034	700,000	1,445,513	2,145,513
2035-2039	1,265,000	1,303,381	2,568,381
2040-2044	2,110,000	969,500	3,079,500
2045-2049	2,555,000	333,500	2,888,500
Totals	<u>\$ 7,570,000</u>	<u>\$ 7,103,982</u>	<u>\$ 14,673,982</u>

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**6. EMPLOYEE RETIREMENT SYSTEMS**

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

**Plan Description**

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

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

**State Teachers' Retirement System (STRS)**

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

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

	<b>CalPERS</b>		<b>CalSTRS</b>	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	6.5%	10.25%	9.205%
Required employer contribution rates	18.062%	18.062%	16.28%	16.28%

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Contributions**

**CalPERS**

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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

**STRS**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2019 the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for the Plan were:

	<b>CalPERS</b>	<b>STRS</b>	<b>Total</b>
Contributions - employer	\$ 367,253	\$ 967,748	\$ 1,335,001
On behalf contributions - state	144,007	962,837	1,106,844
Total	<u>\$ 511,260</u>	<u>\$ 1,930,585</u>	<u>\$ 2,441,845</u>

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

As of June 30, 2019, Williams Unified School District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<b>Proportionate Share of Net Pension Liability</b>
CalPERS	\$ 4,248,155
STRS	10,548,191
Total Net Pension Liability	<u>\$ 14,796,346</u>

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Williams Unified School District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. Williams Unified School 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

	<u>CalPERS</u>	<u>STRS</u>
Proportion - June 30, 2017	0.01694%	0.01063%
Proportion - June 30, 2018	0.01593%	0.01148%
Change - Increase (Decrease)	<u>-0.00101%</u>	<u>0.00085%</u>

For the year ended June 30, 2019, the District recognized pension expense of \$1,178,732. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>CalPERS</u>		<u>STRS</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 511,260	\$ -	\$ 1,930,585	\$ -	\$ 2,441,845	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2017-18	-	55,085	-	375,120	-	430,205
Changes of Assumptions	613,512	48,093	2,705,488	-	3,319,000	48,093
Differences between Expected and Actual Experience	316,084	-	54,005	422,598	370,089	422,598
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	241,982	20,790	233,733	1,325,518	475,715	1,346,308
Net differences between projected and actual investment earnings on pension plan investments	311,862	-	-	317,174	311,862	317,174
Total	<u>\$ 1,994,700</u>	<u>\$ 123,968</u>	<u>\$ 4,923,811</u>	<u>\$ 2,440,410</u>	<u>\$ 6,918,511</u>	<u>\$ 2,564,378</u>



**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>	<b>CalPERS</b>	<b>STRS</b>	<b>Total Deferred Outflows/ (Inflows) of Resources</b>
2020	\$ 528,912	\$ (101,976)	\$ 426,936
2021	567,558	8,016	575,574
2022	256,033	95,755	351,788
2023	6,969	120,102	127,071
2024	-	325,820	325,820
Thereafter	-	105,099	105,099
Total	<u>\$ 1,359,472</u>	<u>\$ 552,816</u>	<u>\$ 1,912,288</u>

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(1)</sup>	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

<sup>(1)</sup> Net of pension plan investment expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Discount Rate**

**CalPERS**

The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 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 table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	CalPERS		
	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

<sup>(a)</sup> An expected inflation of 2.00% used for this period

<sup>(b)</sup> An expected inflation of 2.92% used for this period

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**STRS**

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

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 inputs 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, the consulting actuary (Milliman) reviews the return assumptions 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 are summarized in the following table.

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return <sup>(a)</sup>
Global Equity	47.0%	6.30%
Fixed Income	12.0%	0.30%
Real Estate	13.0%	5.20%
Private Equity	13.0%	9.30%
Risk Mitigating Strategies	9.0%	2.90%
Inflation Sensitive	4.0%	3.80%
Cash/Liquidity	2.0%	-1.00%
Total	100%	

<sup>(a)</sup> 20-year average

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<b>CalPERS</b>			
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 6,577,176	\$ 4,248,155	\$ 2,808,593

<b>STRS</b>			
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	\$ 14,311,630	\$ 10,548,191	\$ 6,004,203

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS financial reports.

**Payable to the Pension Plan**

As of June 30, 2019, the District had no outstanding required contributions to the pension plans.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

General Information about the OPEB Plan

*Plan description.* The plan is a single-employer defined benefit plan. The plan provides other postemployment benefits for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue financial statements.

*Benefits provided.* The postretirement health plans and the District's obligation vary by employee group as described below.

	<b>Certificated</b>	<b>Classified</b>	<b>Management***</b>
Benefit types provided	Medical only	Medical, dental, and vision	Medical, dental, and vision
Duration of benefits	To age 65	To age 65	To age 65
Required service	20 years**	15 years	15 years
Minimum age	59**	60*	55
Dependent coverage	No	No	No
District contribution %	100%	100%	100%
District cap	\$900 per month	\$800 per month	Same as applicable employee classification

\* Classified management and confidential are eligible for District-paid benefits at age 55

\*\* Certificated employees hired prior to July 1, 2014 may receive benefits at age 55 with 15 or more years of service

\*\*\* Management and Confidential employees hired on or after July 1, 2011 have no entitlement

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Contributions.* The contribution requirements of Plan members and the District are established and may be amended by the District, the Williams Teachers Association (WTA), and the local California School Employees Association (CSEA) chapter. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018-19, the District contributed \$90,445 to the Plan, of which \$90,445 was used for current premiums.

*Employees covered by benefit terms.* At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	108
	<u>118</u>

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

Salary Increases	2.75% per year
Inflation Rate	2.75% per year
Investment rate of return	3.5% per year net of expenses
Healthcare cost trend rates	4% per year

The discount rate of 3.5% is based on the Bond Buyer 20 Bond Index. We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The mortality assumptions are based on the 2009 CalSTRS Mortality table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees for classified employees. The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS and the 2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees and 2009 CalPERS Retirement Rates for School Employees tables created by CalPERS.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

Changes in the Net OPEB Liability

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2018	\$ 1,160,944	\$ -	\$ 1,160,944
Changes for the year:			
Service cost	76,977	-	76,977
Interest	41,744	-	41,744
Differences between expected and actual experience	-	-	-
Contributions - employer	-	90,445	(90,445)
Net investment income	-	-	-
Benefit payments	(90,445)	(90,445)	-
Administrative expense	-	-	-
Net changes	28,276	-	28,276
Balances at June 30, 2019	<u>\$ 1,189,220</u>	<u>\$ -</u>	<u>\$ 1,189,220</u>

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Net OPEB liability (asset)	\$ 1,289,105	\$ 1,189,220	\$ 1,098,435

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current healthcare cost trend rates:

	<b>1% Decrease (3%)</b>	<b>Healthcare Cost Trend Rates (4%)</b>	<b>1% Increase (5%)</b>
Net OPEB liability (asset)	\$ 1,108,371	\$ 1,189,220	\$ 1,267,058

*OPEB plan fiduciary net position.* The plan has no assets.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$30,581. Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions made subsequent to measurement date	88,140	-
Total	<u>\$ 88,140</u>	<u>\$ -</u>

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year.

Payable to the OPEB Plan

At June 30, 2019, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.



**WILLIAMS UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**8. FUND BALANCES**

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	General Fund	Building Fund	Non-Major Funds	Total
Nonspendable:				
Stores	\$ -	\$ -	\$ 15,994	\$ 15,994
Revolving Cash	6,050	-	50	6,100
Total Nonspendable	6,050	-	16,044	22,094
Restricted:				
Lottery: Instructional Materials	217,968	-	-	217,968
Classified School Employee Professional Development Block Grant	8,994	-	-	8,994
California Clean Energy Jobs Act	107,836	-	-	107,836
Child Nutrition: School Programs	-	-	206,073	206,073
Child Nutrition: Child Care Food Program (CCFP)	-	-	1,423	1,423
Low-Performing Students Block Grant	49,950	-	-	49,950
Other Restricted State	4,506	-	-	4,506
Other Restricted Local	58,479	5,237,898	826,140	6,122,517
Total Restricted	447,733	5,237,898	1,033,636	6,719,267
Assigned:				
Other assignments	4,077,160	-	550,056	4,627,216
Total Assigned	4,077,160	-	550,056	4,627,216
Unassigned:				
Reserve for Economic Uncertainties	534,045	-	-	534,045
Total Unassigned	534,045	-	-	534,045
Total Fund Balances	<u>\$ 5,064,988</u>	<u>\$ 5,237,898</u>	<u>\$ 1,599,736</u>	<u>\$ 11,902,622</u>

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**9. JOINT VENTURES**

The District participates in three joint ventures under joint powers agreements (JPAs); the Tri-Counties Self Insurance Group (Tri-Counties SIG), the North Valley Schools Insurance Group (NVSIG) and the Schools Excess Liability Fund (SELF) for property, liability, workers' compensation, health benefits and excess liability coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and provide coverage for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs.

The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPAs management.

Condensed financial information for the JPAs for the most recent fiscal year are available as follows:

	Tri-Counties SIG June 30, 2018*	NVSIG June 30, 2019	SELF June 30, 2018*	CVT Sept 30, 2018*
Total Assets	\$ 22,491,791	\$ 3,371,324	\$ 118,692,006	\$ 157,635,073
Deferred Outflows of Resources	442,979	-	497,939	-
Total Liabilities	9,787,237	1,639,652	101,064,545	14,552,384
Deferred Inflows of Resources	57,158	-	28,087	-
Net Position	\$ 13,090,375	\$ 1,731,672	\$ 18,097,313	\$ 143,082,689
Revenues	\$ 44,233,391	\$ 15,010,503	\$ 15,139,473	\$ 783,256,614
Expenditures	40,665,485	14,848,552	19,471,187	782,952,040
Change in Net Position	\$ 3,567,906	\$ 161,951	\$ (4,331,714)	\$ 304,574

\* Latest available audited financial reports.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**10. COMMITMENTS AND CONTINGENCIES**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

**11. SUBSEQUENT EVENTS**

The District's management evaluated its June 30, 2019 financial statements for subsequent events through November 1, 2019, the date the financial statements were available to be issued. Management is not aware of any subsequent events, other than the one discussed below, that would require recognition or disclosure in the financial statements.

In July 2019, the District issued \$3 million in General Obligation Bonds and \$3,185,000 in Certificates of Participation. Principal and interest payments on the bonds begin in February 2020 and mature in August 2048. Interest rates on the bonds range from 3.00% to 5.00%. Principal and interest payments on the Certificates of Participation begin in November 1, 2019 and mature in November 2039. Interest rates on the certificates of participation range from 2% to 4%.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Budget</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
LCFF sources	\$ 14,217,717	\$ 14,209,110	\$ 14,209,012	\$ (98)
Federal revenue	1,230,244	1,843,159	1,468,530	(374,629)
Other state revenues	1,593,650	2,150,311	2,150,311	-
Other local revenues	90,500	451,540	451,550	10
Total revenues	17,132,111	18,654,120	18,279,403	(374,717)
<b>EXPENDITURES</b>				
Certificated salaries	6,580,447	6,300,337	6,244,254	56,083
Classified salaries	2,065,450	2,006,201	1,988,764	17,437
Employee benefits	3,554,123	3,970,027	3,941,916	28,111
Books and supplies	798,670	1,322,416	1,166,205	156,211
Services and other operating expenditures	1,943,792	2,430,084	2,250,257	179,827
Capital outlay	659,280	612,781	612,427	354
Other outgo	888,513	892,341	861,181	31,160
Debt service expenditures				
Principal	348,972	348,972	348,972	-
Interest	126,888	126,888	126,888	-
Total expenditures	16,966,135	18,010,047	17,540,864	469,183
Excess (deficiency) of revenues over expenditures	165,976	644,073	738,539	94,466
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(260,000)	(260,660)	(260,660)	-
Total other financing sources (uses)	(260,000)	(260,660)	(260,660)	-
Net change in fund balance	(94,024)	383,413	477,879	94,466
Fund balance, July 1, 2018	4,587,110	4,587,110	4,587,110	-
Fund balance, June 30, 2019	\$ 4,493,086	\$ 4,970,523	\$ 5,064,989	\$ 94,466

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S  
NET OPEB LIABILITY AND RELATED RATIOS**

**JUNE 30, 2019**

	<b>2019*</b>	<b>2018*</b>
<b>Total OPEB liability</b>		
Service cost	\$ 76,977	\$ 74,917
Interest	41,744	39,349
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(90,445)	(82,286)
<b>Net change in total OPEB liability</b>	<b>28,276</b>	<b>31,980</b>
<b>Total OPEB liability - beginning</b>	<b>1,160,944</b>	<b>1,128,964</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 1,189,220</b>	<b>\$ 1,160,944</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 90,445	\$ 82,286
Net investment income	-	-
Benefit payments, including refunds of member contributions	(90,445)	(82,286)
Administrative expense	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>District's net OPEB liability - ending (a) - (b)</b>	<b>\$ 1,189,220</b>	<b>\$ 1,160,944</b>
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.0%	 0.0%
Covered-employee payroll	\$ 8,297,710	\$ 8,297,710
District's net OPEB liability as a percentage of covered-employee payroll	14.3%	14.0%

\* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the second year of implementation, only results for fiscal years 2018 and 2019 are shown in this table.

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>CalPERS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>	<b>June 30, 2018 <sup>(1)</sup></b>
Proportion of the net pension liability (asset)	0.01468%	0.01719%	0.01773%	0.01694%	0.01593%
Proportionate share of the net pension liability (asset)	\$ 1,666,423	\$ 2,533,116	\$ 3,502,388	\$ 4,044,654	\$ 4,248,155
Covered payroll <sup>(2)</sup>	\$ 1,497,859	\$ 1,890,360	\$ 1,814,840	\$ 1,931,962	\$ 1,807,031
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	111.25%	134.00%	192.99%	209.35%	235.09%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.38%	79.43%	73.90%	71.87%	70.85%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 176,313	\$ 223,951	\$ 252,045	\$ 300,053	\$ 326,386
<b>STRS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>	<b>June 30, 2018 <sup>(1)</sup></b>
Proportion of the net pension liability (asset)	0.01066%	0.01002%	0.01069%	0.01063%	0.01148%
Proportionate share of the net pension liability (asset)	\$ 6,228,709	\$ 6,746,556	\$ 8,643,019	\$ 9,830,722	\$ 10,548,191
Covered payroll <sup>(2)</sup>	\$ 4,410,664	\$ 3,849,292	\$ 4,542,464	\$ 4,911,594	\$ 5,415,135
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	141.22%	175.27%	190.27%	200.15%	194.79%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.52%	74.02%	70.04%	69.46%	70.99%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 391,667	\$ 413,029	\$ 571,442	\$ 708,743	\$ 881,584

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Covered Payroll represented above is based on pensionable earnings provided by the employer.

<sup>(3)</sup> The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>CalPERS</b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>	<b>Fiscal Year 2017-18 <sup>(1)</sup></b>	<b>Fiscal Year 2018-19 <sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 176,313	\$ 223,951	\$ 252,045	\$ 300,053	\$ 326,386
Contributions in relation to the contractually required contribution <sup>(2)</sup>	(225,913)	(252,463)	(299,662)	(326,946)	(367,253)
Contribution deficiency (excess)	<u>\$ (49,600)</u>	<u>\$ (28,512)</u>	<u>\$ (47,617)</u>	<u>\$ (26,893)</u>	<u>\$ (40,867)</u>
Covered payroll <sup>(3)</sup>	\$ 1,497,859	\$ 1,890,360	\$ 1,814,840	\$ 1,931,962	\$ 1,807,031
Contributions as a percentage of covered payroll <sup>(3)</sup>	11.771%	11.847%	13.888%	15.531%	18.062%
<b>STRS</b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>	<b>Fiscal Year 2017-18 <sup>(1)</sup></b>	<b>Fiscal Year 2018-19 <sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 391,667	\$ 413,029	\$ 571,442	\$ 708,743	\$ 881,584
Contributions in relation to the contractually required contribution <sup>(2)</sup>	(433,994)	(575,762)	(723,721)	(894,120)	(967,748)
Contribution deficiency (excess)	<u>\$ (42,327)</u>	<u>\$ (162,733)</u>	<u>\$ (152,279)</u>	<u>\$ (185,377)</u>	<u>\$ (86,164)</u>
Covered payroll <sup>(3)</sup>	\$ 4,410,664	\$ 3,849,292	\$ 4,542,464	\$ 4,911,594	\$ 5,415,135
Contributions as a percentage of covered payroll <sup>(3)</sup>	8.880%	10.730%	12.580%	14.430%	16.280%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

<sup>(3)</sup> Covered Payroll represented above is based on pensionable earnings provided by the employer.



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

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**1. PURPOSE OF SCHEDULES**

- A - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund

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 States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

At June 30, 2019, the District did not incur any excess of expenditures over appropriations by major object code in the individual major fund presented in the schedule.

- B - Schedule of Changes in the District's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the second year of implementation, only results for fiscal years 2018 and 2019 are shown in this table.

*Changes in Assumptions*

There were no changes to assumptions.

*Changes in Benefit Terms*

The District cap increased from \$800 to \$900 per month for certificated employees and from \$714 to \$800 per month for classified employees.

- C - Schedule of 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 Assumptions*

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. There were no changes in the assumptions used in the calculation of the STRS collective net pension liability.

*Changes in Benefit Terms*

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

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

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**1. PURPOSE OF SCHEDULES (CONTINUED)**

**D - Schedule of Pension Contributions**

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

	<u><b>CalPERS</b></u>	<u><b>STRS</b></u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(1)</sup>	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

<sup>(1)</sup> Net of pension plan investment expenses, including inflation

## **SUPPLEMENTARY INFORMATION**

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**ALL NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 161,461	\$ 550,056	\$ -	\$ 826,140	\$ 1,537,657
Accounts receivable	104,022	-	-	-	104,022
Stores inventory	15,994	-	-	-	15,994
Due from other funds	8,203	-	-	-	8,203
Total Assets	<u>\$ 289,680</u>	<u>\$ 550,056</u>	<u>\$ -</u>	<u>\$ 826,140</u>	<u>\$ 1,665,876</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 7,929	\$ -	\$ -	\$ -	\$ 7,929
Due to other funds	58,211	-	-	-	58,211
Total Liabilities	<u>66,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,140</u>
Fund balances					
Nonspendable	16,044	-	-	-	16,044
Restricted	207,496	-	-	826,140	1,033,636
Assigned	-	550,056	-	-	550,056
Total Fund Balances	<u>223,540</u>	<u>550,056</u>	<u>-</u>	<u>826,140</u>	<u>1,599,736</u>
Total Liabilities and Fund Balances	<u>\$ 289,680</u>	<u>\$ 550,056</u>	<u>\$ -</u>	<u>\$ 826,140</u>	<u>\$ 1,665,876</u>

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**

**ALL NON-MAJOR GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Totals</b>
<b>REVENUES</b>					
Federal revenue	\$ 882,192	\$ -	\$ -	\$ -	\$ 882,192
Other state revenues	84,700	-	-	2,173	86,873
Other local revenues	94,797	408,249	-	495,048	998,094
Total revenues	1,061,689	408,249	-	497,221	1,967,159
<b>EXPENDITURES</b>					
Classified salaries	335,094	-	-	-	335,094
Employee benefits	155,586	-	-	-	155,586
Books and supplies	541,488	-	26,376	-	567,864
Services and other operating expenditures	20,002	-	-	-	20,002
Capital outlay	12,217	-	603,426	-	615,643
Other outgo	55,724	-	-	-	55,724
Debt service expenditures					
Principal	-	241,177	-	430,000	671,177
Interest	-	10,014	-	277,074	287,088
Total expenditures	1,120,111	251,191	629,802	707,074	2,708,178
Excess (deficiency) of revenues over expenditures	(58,422)	157,058	(629,802)	(209,853)	(741,019)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	40,000	220,000	660	6,111	266,771
Total other financing sources (uses)	40,000	220,000	660	6,111	266,771
Net change in fund balances	(18,422)	377,058	(629,142)	(203,742)	(474,248)
Fund balances, July 1, 2018	241,962	172,998	629,142	1,029,882	2,073,984
Fund balances, June 30, 2019	\$ 223,540	\$ 550,056	\$ -	\$ 826,140	\$ 1,599,736

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Student Body Funds</b>				
Assets				
Cash on hand and in banks				
Williams High School	\$ 122,544	\$ 154,589	\$ 183,334	\$ 93,799
Williams Upper Elementary School	28,118	31,549	31,822	27,845
Total Assets	<u>\$ 150,662</u>	<u>\$ 186,138</u>	<u>\$ 215,156</u>	<u>\$ 121,644</u>
Liabilities				
Due to student groups	<u>\$ 150,662</u>	<u>\$ 186,138</u>	<u>\$ 215,156</u>	<u>\$ 121,644</u>
Total Liabilities	<u>\$ 150,662</u>	<u>\$ 186,138</u>	<u>\$ 215,156</u>	<u>\$ 121,644</u>

# **WILLIAMS UNIFIED SCHOOL DISTRICT**

## **ORGANIZATION**

**JUNE 30, 2019**

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The Williams Unified School District (the “District”) is located in Williams, California. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school, one upper elementary school, one junior high school, one junior senior high school, and a continuation high school.

### **GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires November</u>
Silvia Vaca	President	2022
George W. Simmons	Vice President	2020
Ana Leos-Vera	Member	2022
Yareli Mora	Member	2020
Maryah Stoots	Member	2020

### **ADMINISTRATION**

Dr. Edgar R. Lampkin  
Superintendent

Mechele Coombs  
Director of Fiscal Services and Accountability

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	<b>Second Period Report</b>	<b>Revised Second Period Report*</b>	<b>Annual Report</b>
Elementary			
TK through Third	368.57	368.57	371.78
Fourth through Sixth	303.16	303.16	303.74
Seventh through Eighth	205.49	205.53	205.87
	<u>877.22</u>	<u>877.26</u>	<u>881.39</u>
Secondary			
Ninth through Twelfth	330.94	330.98	329.98
Continuation Education	15.40	15.40	15.90
	<u>346.34</u>	<u>346.38</u>	<u>345.88</u>
Total ADA	<u>1,223.56</u>	<u>1,223.64</u>	<u>1,227.27</u>

\* The revisions to the P-2 Period of Attendance report were not the result of the audit.



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

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<b>Grade Level</b>	<b>Standard Minutes Requirement</b>	<b>2018-19 Actual Minutes</b>	<b>Instructional Days</b>	<b>Status</b>
Kindergarten	36,000	52,170	179*	In compliance
Grade 1	50,400	53,025	179*	In compliance
Grade 2	50,400	53,025	179*	In compliance
Grade 3	50,400	53,025	179*	In compliance
Grade 4	54,000	56,235	179*	In compliance
Grade 5	54,000	56,235	179*	In compliance
Grade 6	54,000	56,235	179*	In compliance
Grade 7	54,000	66,246	179*	In compliance
Grade 8	54,000	66,246	179*	In compliance
Grade 9	64,800	66,246	179*	In compliance
Grade 10	64,800	66,246	179*	In compliance
Grade 11	64,800	66,246	179*	In compliance
Grade 12	64,800	66,246	179*	In compliance

\* The District received an approved emergency closure for one instructional day.

**WILLIAMS UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**FOR FISCAL YEAR ENDED JUNE 30, 2019**

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<u>Charter School ID Number</u>	<u>Charter Schools Chartered by the District</u>	<u>Included in the District Financial Statements, or Separate Report</u>
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There are currently no charter schools chartered by the District.

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

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There were no adjustments made to any funds of the District.

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

<b>Federal Catalog Number</b>	<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329	\$ 178,572
84.367	ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	14341	20,101
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	103,633
84.365	ESEA (ESSA): Title III, Immigrant Student Program	15146	5,093
84.287	ESEA (ESSA): Title IV, Part B, 21st Century Community Learning Centers Program	14349	178,376
84.424	ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants	15396	5,136
84.377	NCLB: Title I, School Improvement Grant (SIG)	15127	977,619
Total U.S. Department of Education			<u>1,468,530</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: School Programs (NSL Sec 11)	13524	* 882,192
Total Cash Assistance Subtotal			<u>882,192</u>
10.555	School Lunch Program - Nonmonetary Assistance	13391	* 58,281
Total Non-Cash Assistance Subtotal			<u>58,281</u>
Total U.S. Department of Agriculture			<u>940,473</u>
Total Federal Programs			<u>\$ 2,409,003</u>
* Tested as a major program			

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

	<b>Adopted Budget 2019/2020</b>	<b>Actuals 2018/2019</b>	<b>Actuals 2017/2018</b>	<b>Actuals 2016/2017</b>
<b><u>General Fund</u></b>				
Revenues and Other Financial Sources	\$ 17,165,653	\$ 18,279,403	\$ 16,133,392	\$ 15,419,526
Expenditures	17,028,566	17,540,865	16,265,367	14,909,864
Other Uses and Transfers Out	250,000	260,660	223,615	118,824
Total Outgo	17,278,566	17,801,525	16,488,982	15,028,688
Change in Fund Balance	(112,913)	477,878	(355,590)	390,838
Ending Fund Balance	\$ 4,952,075	\$ 5,064,988	\$ 4,587,110	\$ 4,942,700
Available Reserves	\$ 518,357	\$ 534,045	\$ 493,017	\$ 450,000
Reserve for Economic Uncertainties	\$ 518,357	\$ 534,045	\$ 493,017	\$ 450,000
Unappropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	3.0%
Total Long-Term Debt	\$ 28,520,560	\$ 29,436,788	\$ 29,507,402	\$ 20,256,484
Average Daily Attendance at P-2	1,204	1,239	1,242	1,277

The general fund balance has increased by \$513,126 over the past three years. The fiscal year 2019-2020 budget projects a decrease of \$112,913. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District had an operating surplus in two of the past three fiscal years.

Total long-term liabilities have increased by \$9,180,304 over the past two years due to the addition of the net pension liability, addition of the net OPEB liability with the implementation of GASB 75, and issuances of 2016 General Obligation Bonds.

Average Daily Attendance (ADA) has decreased by 38 over the past two years. The District anticipates a decrease of 35 ADA for the fiscal year 2019-2020.

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

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**1. Schedule of Average Daily Attendance**

Average daily attendance is a measurement of the number of pupils attending classes in 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.

**2. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. 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 46201 through 46206. Districts must maintain their instructional minutes at the State's standard requirements as required by Education Code Section 46201(b).

**3. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides information necessary to reconcile the Unaudited Actual Fund Financial Reports to the audited financial statements.

**4. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. The August 2019 Edition of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The schedule on the following page provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the fair value of federal food commodities received from the California Department of Education as a pass-through grant from the U.S. Department of Agriculture that are not reflected in the financial statements.

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

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**5. Schedule of Expenditures of Federal Awards (Continued)**

	<b>Federal Catalog Number</b>	<b>Amount</b>
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		2,350,722
Reconciling items		
Food Distribution - Commodities	10.555	<u>58,281</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 2,409,003</u>

**6. 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.

## **OTHER INDEPENDENT AUDITOR'S REPORTS**





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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

Board of Trustees  
Williams Unified School District  
Williams, California

**Report on Compliance for Each State Program**

We have audited the compliance of Williams Unified School District (the "District") with the types of compliance requirements described in the State of California's 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2019.

**Management's Responsibility**

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

<b>Description</b>	<b>Procedures Performed</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time for School Districts	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes

<b>Local Education Agencies Other Than Charter Schools</b>	
<b>Description</b>	<b>Procedures Performed</b>
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
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
<b>School Districts, County Offices of Education, and Charter Schools</b>	
<b>Description</b>	<b>Procedures Performed</b>
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
<b>Charter Schools</b>	
<b>Description</b>	<b>Procedures Performed</b>
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures for Independent Study because the Average Daily Attendance reported for the program is not material for compliance purposes.

We did not perform any procedures related to Early Retirement Incentive Program, Juvenile Court Schools, Apprenticeship: Related and Supplemental Instruction, Independent Study-Course Based, District of Choice, and the Before School portion of After/Before School Education and Safety Program because the District did not offer these programs.

We did not perform any procedures related to Contemporaneous Records of Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, Annual Instructional Minutes-Classroom Based for Charter Schools, and Charter School Facility Grant Program because the District did not have any charter schools.

## **Opinion**

### ***Basis for Qualified Opinion on Compliance with State Laws and Regulations***

As described in Finding **2019-1** in the accompanying Schedule of Audit Findings and Questioned Costs, Williams Unified School District did not comply with requirements regarding Comprehensive School Safety Plan. Compliance with such requirements is necessary, in our opinion, for Williams Unified School District to comply with state laws and regulations applicable to these programs

### ***Qualified Opinion on Compliance with State Laws and Regulations***

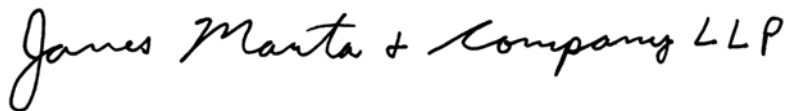
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Williams Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2019.

### ***Unmodified Opinion on Each of the Other State Programs***

In our opinion, Williams Unified School District complied, in all material respects, with the other applicable state compliance requirements referred to above for the year ended June 30, 2019.

## **Other Matters**

Williams Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 1, 2019



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Williams Unified School District  
Williams, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williams Unified School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2019.

**Internal Control Over Financial Reporting**

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

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

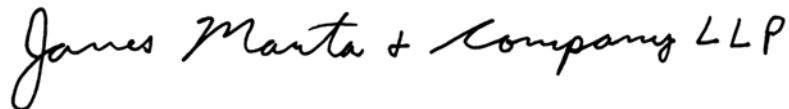
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 1, 2019



**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Williams Unified School District  
Williams, California

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

We have audited Williams Unified School District's (the "District") compliance with the types of compliance requirements described in the August 2019 Edition of the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the August 2019 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

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

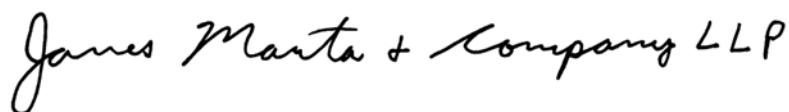
## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 1, 2019

## **FINDINGS AND RECOMMENDATION**



**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Section I – Summary of Audit Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None reported

Noncompliance material to financial statements noted?

<u>      </u> Yes	<u>  X  </u> No
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**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance Section 200.516(a)

<u>      </u> Yes	<u>  X  </u> No
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Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**State Awards**

Internal control over state programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>  X  </u> Yes	<u>      </u> None reported

Type of auditor's report issued on compliance for state programs: Qualified

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Section II – Financial Statement Findings**

No matters were reported.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Section IV – State Award Findings and Questioned Costs**

**2019-01 Comprehensive School Safety Plan (40000)**

**Criteria**

Education Code Sections 32280-32289 requires all California public schools operated by school districts develop a comprehensive school safety plan that addresses the safety concerns identified through a systematic planning process, reviewed, updated, and adopted by March 1.

**Condition**

The District developed a Safety Plan that was approved by the Board on June 16, 2016; however, the Plan did not contain all the required elements of a comprehensive school safety plan as listed in Education Code Section 32282. Additionally, the plan was not updated and approved by the Board by March 1<sup>st</sup> of the current fiscal year.

**Cause**

There was an oversight on the District's review of the compliance requirements of the plan.

**Effect**

The District's plan did not comply with all elements of the Comprehensive School Safety Plan.

**Fiscal Impact**

None

**Recommendation**

It is recommended that management ensures oversight and a process of review and understanding of the District's comprehensive school safety plan to ensure compliance with statutory requirements.

**Corrective Action Plan:**

Management will review the Comprehensive School Safety Plan requirements and ensure they update their site plans to ensure compliance the applicable laws and regulations. Subsequent to updating the safety plans, the District will submit to the board for approval.

**WILLIAMS UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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No matters were reported.