

Waukena Joint Union Elementary School District

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June 30, 2022

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Independent Auditor's Report

To the Governing Board
Waukena Joint Union Elementary School District
Tulare, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Waukena Joint Union Elementary School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Waukena Joint Union Elementary School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Waukena Joint Union Elementary School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 15 to the financial statements, the Waukena Joint Union Elementary School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waukena Joint Union Elementary School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are 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 January 30, 2023 on our consideration of Waukena Joint Union Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that



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Management's Discussion and Analysis (MD&A) June 30, 2022

INTRODUCTION

Our discussion and analysis of Waukena Joint Union Elementary School District financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022, with comparative information for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

OVERVIEW OF FINANCIAL STATEMENTS

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

- ❑ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ **Fund financial statements** These statements focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
 - **Governmental fund statements** These statements tell how general government services were financed in the short term as well as what remains for future spending.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was \$1,868,141 at June 30, 2022. See Table 1.

Table 1: Net Position

	Governmental Activities	
	2022	2021 as Restated
Assets		
Current and other assets	\$ 3,558,172	\$ 4,079,792
Capital and right-to-use leased assets, net	2,614,265	1,229,428
Total assets	6,172,437	5,309,220
Deferred outflows of resources	541,068	556,763
Liabilities		
Current liabilities	488,937	354,461
Long-term liabilities	3,272,004	4,442,781
Total liabilities	3,760,941	4,797,242
Deferred inflows of resources	1,084,423	160,717
Net Position		
Net investment in capital assets	703,395	170,026
Restricted	644,118	462,187
Unrestricted	520,628	275,811
Total net position	\$ 1,868,141	\$ 908,024

Changes in Net Position

The total cost of all programs and services was \$2,951,232. The District's expenses are primarily related to educating and caring for students (74%). Administrative activities accounted for 9.9% of total costs. The remaining expenses were for plant services (maintenance and operations) and other outgo.

Table 3: Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	\$ 1,840,706	\$ 2,073,099	\$ (1,424,333)	\$ (1,474,826)
Pupil services	330,100	354,436	(194,138)	(219,273)
Administration	292,915	308,256	(273,426)	(292,219)
Plant services	403,328	448,338	(194,863)	(392,361)
All other services	84,183	48,321	(86,967)	(27,008)
Total	<u>\$ 2,951,232</u>	<u>\$ 3,232,450</u>	<u>\$ (2,173,727)</u>	<u>\$ (2,405,687)</u>

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$3,069,235. The General Fund increased by \$203,983. The Building Fund decreased by \$863,449 due to expenditures for District renovations and modernization projects.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 12, 2022. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District budgeted a decrease in General Fund balance of \$267,210. Revenues were \$173,514 and expenditures were \$644,707 less than expected, leaving the fund with an actual increase of \$203,983.

CAPITAL ASSETS AND LONG-TERM LIABILITIES ADMINISTRATION

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had invested \$2,614,265 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles (net of accumulated depreciation and amortization). See Table 4. More detailed information about the District's capital assets and right-to-use leased assets is presented in the notes to the financial statements.

Waukena Joint Union Elementary School District

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Deposits and investments	\$ 3,220,749
Receivables	332,927
Prepaid expenses	2,170
Stores inventories	2,326
Capital assets not depreciated	1,822,140
Capital assets, net of accumulated depreciation	790,351
Right-to-use leased assets, net of accumulated amortization	<u>1,774</u>
Total assets	<u>6,172,437</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>541,068</u>
Liabilities	
Accounts payable	358,747
Unearned revenue	130,190
Long-term liabilities	
Long-term liabilities other than pensions due within one year	3,392
Long-term liabilities other than pensions due in more than one year	1,950,706
Aggregate net pension liability	<u>1,317,906</u>
Total liabilities	<u>3,760,941</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	<u>1,084,423</u>
Net Position	
Net investment in capital assets	703,395
Restricted for	
Debt service	71,886
Educational programs	476,749
Child nutrition	93,599
Student activities	1,884
Unrestricted	<u>520,628</u>
Total net position	<u><u>\$ 1,868,141</u></u>

Waukena Joint Union Elementary School District

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 3,076,202	\$ 20,758	\$ 123,789	\$ 3,220,749
Receivables	280,943	-	51,984	332,927
Due from other funds	15,500	-	-	15,500
Prepaid expenditures	2,170	-	-	2,170
Stores inventories	-	-	2,326	2,326
	<u>3,374,815</u>	<u>20,758</u>	<u>178,099</u>	<u>3,573,672</u>
Total assets	\$ 3,374,815	\$ 20,758	\$ 178,099	\$ 3,573,672
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 358,747	\$ -	\$ -	\$ 358,747
Due to other funds	-	-	15,500	15,500
Unearned revenue	130,190	-	-	130,190
	<u>488,937</u>	<u>-</u>	<u>15,500</u>	<u>504,437</u>
Total liabilities	488,937	-	15,500	504,437
Fund Balances				
Nonspendable	3,670	-	2,326	5,996
Restricted	476,749	20,758	167,369	664,876
Unassigned	2,405,459	-	(7,096)	2,398,363
	<u>2,885,878</u>	<u>20,758</u>	<u>162,599</u>	<u>3,069,235</u>
Total fund balances	2,885,878	20,758	162,599	3,069,235
Total liabilities and fund balances	\$ 3,374,815	\$ 20,758	\$ 178,099	\$ 3,573,672

Waukena Joint Union Elementary School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 2,456,462	\$ -	\$ -	\$ 2,456,462
Federal sources	795,312	-	127,487	922,799
Other State sources	654,564	-	9,055	663,619
Other local sources	(79,987)	(3,987)	37,361	(46,613)
Total revenues	3,826,351	(3,987)	173,903	3,996,267
Expenditures				
Current				
Instruction	1,755,298	-	-	1,755,298
Instruction-related activities				
Supervision of instruction	18,989	-	-	18,989
Instructional library, media, and technology	28,384	-	-	28,384
School site administration	289,016	-	-	289,016
Pupil services				
Home-to-school transportation	107,870	-	-	107,870
Food services	3,816	-	169,206	173,022
All other pupil services	20,029	-	-	20,029
Administration				
Data processing	10,611	-	-	10,611
All other administration	308,931	-	-	308,931
Plant services	506,660	-	7,300	513,960
Ancillary services	2,100	-	6,527	8,627
Facility acquisition and construction	484,415	859,462	-	1,343,877
Debt service				
Interest and other	-	-	62,500	62,500
Total expenditures	3,536,119	859,462	245,533	4,641,114
Excess/(Deficiency) of Revenues Over Expenditures	290,232	(863,449)	(71,630)	(644,847)
Other Financing Sources (Uses)				
Transfers in	-	-	75,000	75,000
Transfers out	(75,000)	-	-	(75,000)
County served District funded ADA	(11,249)	-	-	(11,249)
Net Financing Sources (Uses)	(86,249)	-	75,000	(11,249)
Net Change in Fund Balances	203,983	(863,449)	3,370	(656,096)
Fund Balance - Beginning	2,681,895	884,207	159,229	3,725,331
Fund Balance - Ending	\$ 2,885,878	\$ 20,758	\$ 162,599	\$ 3,069,235

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Waukena Joint Union Elementary School District was established in 1882, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates one elementary school.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

Interfund Balances

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, statement of net position. Debt premiums are amortized over the life of the related debt using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$644,118 of restricted net position.

Interfund Activity

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

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

Estimates

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

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$3,217,365 in the Tulare County Treasury Investment Pool that has an average weighted maturity of 691 days.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the Tulare County Investment Pool is currently not rated, nor is it required to be rated.

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

Note 4 - Capital Assets and Right-to-Use Leased Assets

Capital assets and right-to-use leased assets activity for the fiscal year ended June 30, 2022, is as follows:

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,934	\$ -	\$ -	\$ 4,934
Construction in progress	377,471	1,439,735	-	1,817,206
Total capital assets not being depreciated	382,405	1,439,735	-	1,822,140
Capital assets being depreciated				
Land improvements	118,835	-	-	118,835
Buildings and improvements	898,291	-	-	898,291
Furniture and equipment	781,550	14,730	-	796,280
Total capital assets being depreciated	1,798,676	14,730	-	1,813,406
Total capital assets	2,181,081	1,454,465	-	3,635,546
Accumulated depreciation				
Land improvements	(87,660)	(4,180)	-	(91,840)
Buildings and improvements	(384,215)	(22,067)	-	(406,282)
Furniture and equipment	(483,484)	(41,449)	-	(524,933)
Total accumulated depreciation	(955,359)	(67,696)	-	(1,023,055)
Net depreciable capital assets	843,317	(52,966)	-	790,351
Right-to-use leased assets being amortized				
Furniture and equipment	8,214	-	-	8,214
Accumulated amortization				
Furniture and equipment	(4,508)	(1,932)	-	(6,440)
Net right-to-use leased assets	3,706	(1,932)	-	1,774
Governmental activities, capital assets and right-to-use leased assets, net	\$ 1,229,428	\$ 1,384,837	\$ -	\$ 2,614,265

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

Note 6 - Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) at June 30, 2022, consist of the following:

	General Fund
Services and fees	<u>\$ 2,170</u>

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, consist of the following:

	General Fund
Vendor payables	\$ 63,958
LCFF apportionment	213,809
Salaries and benefits	23,138
Accrued salaries	<u>57,842</u>
Total	<u>\$ 358,747</u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consists of the following:

	General Fund
Federal financial assistance	\$ 76,703
State categorical aid	<u>53,487</u>
Total	<u>\$ 130,190</u>

Waukena Joint Union Elementary School District
Notes to Financial Statements
June 30, 2022

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value*
2022	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	8,514	360	8,874	546	9,420
2027-2031	82,904	3,731	86,635	12,484	99,119
2032-2036	130,385	7,350	137,735	47,265	185,000
2037-2041	176,297	11,029	187,326	112,674	300,000
Total	<u>\$ 398,100</u>	<u>\$ 22,470</u>	<u>\$ 420,570</u>	<u>\$ 172,969</u>	<u>\$ 593,539</u>

* Maturity value at required sinking fund payment date.

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	\$ -	\$ 62,500	\$ 62,500
2023	-	62,500	62,500
2024	-	62,500	62,500
2025	-	62,500	62,500
2026	-	62,500	62,500
2027-2031	-	312,500	312,500
2032-2036	-	312,500	312,500
2037-2041	-	312,500	312,500
2042-2046	475,000	258,125	733,125
2047-2051	775,000	104,375	879,375
Total	<u>\$ 1,250,000</u>	<u>\$ 1,612,500</u>	<u>\$ 2,862,500</u>

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 1,500	\$ -	\$ -	\$ 1,500
Stores inventories	-	-	2,326	2,326
Prepaid expenditures	2,170	-	-	2,170
Total nonspendable	3,670	-	2,326	5,996
Restricted				
Legally restricted programs	476,479	-	95,483	571,962
Capital projects	-	20,758	-	20,758
Debt services	-	-	71,886	71,886
Total restricted	476,749	20,758	167,369	664,876
Unassigned				
Reserve for economic uncertainties	181,118	-	-	181,118
Unassigned	2,224,341	-	(7,096)	2,217,245
Total unassigned	2,405,459	-	(7,096)	2,398,363
Total	\$ 2,885,878	\$ 20,758	\$ 162,599	\$ 3,069,235

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Central Tulare County School Districts Liability/Property Self-Insurance Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the District participated in the Tulare County Schools Insurance Group (TCSIG), an insurance purchasing pool. The intent of TCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in TCSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$150,628.

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

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

Year Ended June 30,	Deferred Inflows of Resources
2023	\$ (137,413)
2024	(125,688)
2025	(128,806)
2026	(149,213)
Total	\$ (541,120)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 29,652
2024	38,419
2025	(2,600)
2026	(7,602)
2027	14,887
Thereafter	6,314
Total	\$ 79,070

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 1,392,529
Current discount rate (7.10%)	684,073
1% increase (8.10%)	96,069

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$17,893. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 124,768	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,020	139,902
Differences between projected and actual earnings on pension plan investments	-	243,247
Differences between expected and actual experience in the measurement of the total pension liability	18,922	1,494
	<u>18,922</u>	<u>1,494</u>
Total	<u>\$ 152,710</u>	<u>\$ 384,643</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (61,007)
2024	(56,101)
2025	(58,489)
2026	(67,650)
	<u>(67,650)</u>
Total	<u>\$ (243,247)</u>

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 1,068,732
Current discount rate (7.15%)	633,833
1% increase (8.15%)	272,774

Waukena Joint Union Elementary School District

Notes to Financial Statements

June 30, 2022

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization phase III	\$ 203,180	June 2023
HVAC upgrades	192,451	June 2023
MPR/Stage	41,955	June 2023
Well project	1,773,779	June 2024
Total	<u>\$ 2,211,365</u>	

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Self Insured Schools of California (SISC III), the Tulare County Schools Insurance Group (TCSIG), and the Central Tulare County School Districts Liability/Property Self-Insurance Authority (CTCSDLPSIA) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

The District has appointed no members to the governing board of SISC III. During the year ended June 30, 2022, the District made payment of \$430,566 to SISC III for health benefits.

The District has appointed no members to the governing board of TCSIG. During the year ended June 30, 2022, the District made payment of \$26,039 to TCSIG for workers' compensation insurance.

The District has appointed no members to the governing board of CTCSDLPSIA. During the year ended June 30, 2022, the District made payment of \$3,966 to CTCSDLPSIA for liability and property damage insurance.



Required Supplementary Information
June 30, 2022

Waukena Joint Union Elementary School District

Waukena Joint Union Elementary School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	\$ 2,380,413	\$ 2,456,198	\$ 2,456,462	\$ 264
Federal sources	104,894	988,169	795,312	(192,857)
Other State sources	270,363	515,498	654,564	139,066
Other local sources	40,000	40,000	(79,987)	(119,987)
Total revenues	2,795,670	3,999,865	3,826,351	(173,514)
Expenditures				
Current				
Certificated salaries	977,699	929,791	970,128	(40,337)
Classified salaries	483,200	580,533	451,226	129,307
Employee benefits	869,849	1,028,486	856,827	171,659
Books and supplies	288,672	482,198	129,062	353,136
Services and operating expenditures	468,000	681,997	629,734	52,263
Other outgo	11,227	11,227	61,309	(50,082)
Capital outlay	20,000	477,843	449,082	28,761
Total expenditures	3,118,647	4,192,075	3,547,368	644,707
Excess/(Deficiency) of Revenues Over Expenditures	(322,977)	(192,210)	278,983	471,193
Other Financing Uses				
Transfers out	(75,000)	(75,000)	(75,000)	-
Net financing uses	(75,000)	(75,000)	(75,000)	-
Net Change in Fund Balances	(397,977)	(267,210)	203,983	471,193
Fund Balance - Beginning	2,681,895	2,681,895	2,681,895	-
Fund Balance - Ending	\$ 2,283,918	\$ 2,414,685	\$ 2,885,878	\$ 471,193

Waukena Joint Union Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0014%	0.0014%	0.0015%	0.0015%
Proportionate share of the net pension liability	\$ 1,296,336	\$ 1,154,335	\$ 1,000,364	\$ 870,280
State's proportionate share of the net pension liability	766,902	657,142	529,082	525,512
Total	<u>\$ 2,063,238</u>	<u>\$ 1,811,477</u>	<u>\$ 1,529,446</u>	<u>\$ 1,395,792</u>
Covered payroll	\$ 747,107	\$ 717,002	\$ 652,061	\$ 665,224
Proportionate share of the net pension liability as a percentage of its covered payroll	173.51%	160.99%	153.42%	130.83%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.0037%	0.0030%	0.0029%	0.0029%
Proportionate share of the net pension liability	\$ 892,538	\$ 582,918	\$ 432,635	\$ 333,137
Covered payroll	\$ 474,539	\$ 474,359	\$ 330,278	\$ 313,721
Proportionate share of the net pension liability as a percentage of its covered payroll	188.09%	122.89%	130.99%	106.19%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Waukena Joint Union Elementary School District
Schedule of the District's Contributions
Year Ended June 30, 2022

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	\$ 111,189	\$ 93,986	\$ 68,483	\$ 57,903
Less contributions in relation to the contractually required contribution	111,189	93,986	68,483	57,903
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 770,541	\$ 747,107	\$ 717,099	\$ 652,061
Contributions as a percentage of covered payroll	14.43%	12.58%	9.55%	8.88%
CalPERS				
Contractually required contribution	\$ 73,606	\$ 65,904	\$ 42,344	\$ 38,877
Less contributions in relation to the contractually required contribution	73,606	65,904	42,344	38,877
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 473,930	\$ 474,539	\$ 357,424	\$ 330,278
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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



Supplementary Information
June 30, 2022

Waukena Joint Union Elementary School District

Waukena Joint Union Elementary School District
Schedule of Expenditures of Federal Awards
June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Title VI, Small Rural			
Passed Through California Department of Education (CDE)			
Title I - Part A, Basic	84.358A	N/A	\$ 18,058
Title V, Part Part B, Rural & Low Income School Program (REAP)	84.010	14329	72,631
Title II - Part A, Supporting Effective Instruction	84.358	14356	4,917
Title III - English Language Acquisition State Grant - LEP	84.367	14341	5,388
Title III - English Language Acquisition State Grant - IEP	84.365	14346	22,945
	84.365	15146	943
Subtotal - 84.365 ELA Programs			23,888
Title IV - Part A, Student Support and Academic Enrichment Program	84.424	15396	10,000
COVID-19, Elementary and Secondary School Emergency Relief ESSER	84.425D	15536	14,749
COVID-19, Elementary and Secondary School Emergency Relief ESSER II	84.425D	15547	180,904
COVID-19, Expanded Learning Opportunities ELO Grant: ESSER III, State Reserve Emergency Needs	84.425U	15620	2,716
COVID-19, Elementary and Secondary School Emergency Relief ESSER III	84.425U	15559	427,002
COVID-19, Expanded Learning Opportunities (ELO) Grant Esser II State Reserve	84.425D	15618	23,526
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	5,520
COVID-19, Expanded Learning Opportunities (ELO Grant GEER II)	84.425C	15619	5,399
Subtotal - 84.425 ESF Programs			659,816
Total U.S. Department of Education			794,698

See Notes to Supplementary Information

Organization

The Waukena Joint Union School District (the District) was established in 1882, and is comprised of an area of approximately 50 square miles, located primarily in Tulare County, as well as in Kings County. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating one elementary school.

Governing Board

Member	Office	Term Expires
Cirila Mora	President	2022
Leandro Sanchez	Clerk	2022
Phyllis Harmon	Trustee	2022
Joe Machado	Trustee	2024
Mike Lewis	Trustee	2024

Administration

T. Jeffrey Cooley	Superintendent/Principal
Loretta Myers	Business Manager

Waukena Joint Union Elementary School District

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Total Minutes Offered	Number of Actual Days	Total Days Offered	Status
Kindergarten	36,000	47,800	47,800	180	180	Complied
Grades 1 - 3	50,400					
Grade 1		56,670	56,670	180	180	Complied
Grade 2		56,670	56,670	180	180	Complied
Grade 3		56,670	56,670	180	180	Complied
Grades 4 - 8	54,000					
Grade 4		57,560	57,560	180	180	Complied
Grade 5		57,560	57,560	180	180	Complied
Grade 6		57,560	57,560	180	180	Complied
Grade 7		57,560	57,560	180	180	Complied
Grade 8		57,560	57,560	180	180	Complied

Waukena Joint Union Elementary School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
General Fund				
Revenues	\$ 2,951,046	\$ 3,826,351	\$ 3,053,093	\$ 2,777,254
Expenditures	3,746,493	3,536,119	2,773,600	2,827,729
Other uses and transfers out	75,000	86,249	85,194	75,000
Total Expenditures and Other Uses	3,821,493	3,622,368	2,858,794	2,902,729
Increase/(Decrease) in Fund Balance	(870,447)	203,983	194,299	(125,475)
Ending Fund Balance	\$ 2,015,431	\$ 2,885,878	\$ 2,681,895	\$ 2,487,596
Available Reserves ²	\$ 1,503,176	\$ 2,405,459	\$ 2,372,443	\$ 2,299,119
Available Reserves as a Percentage of Total Outgo	39.33%	66.41%	82.99%	79.21%
Long-Term Liabilities ³	Not Available	\$ 3,272,004	\$ 4,442,781	\$ 4,165,194
Average Daily Attendance at P-2	202	199	207	207

The General Fund balance increased by \$398,282 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$870,447 (30.16%). For a district this size, the State recommends available reserves of the greater of, five percent of total General Fund expenditures, transfers out, and other uses (total outgo), or \$71,000.

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$893,190 over the past two years.

Average daily attendance (ADA) has decreased by eight over the past two years. An increase of three ADA is anticipated during fiscal year 2022-2023.

¹ Financial information for 2023, 2021, and 2020 is included for analytical purposes only and has not been subjected to audit.

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

³ Long-term liabilities balance was restated as of June 30, 2021, due to the implementation of GASB Statement No. 87.

Waukena Joint Union Elementary School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2022

	Student Activities Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ 127,487	\$ -	\$ -	\$ 127,487
Other State sources	-	9,027	-	28	9,055
Other local sources	2,872	209	2,576	31,704	37,361
Total revenues	2,872	136,723	2,576	31,732	173,903
Expenditures					
Current					
Pupil services					
Food services	-	169,206	-	-	169,206
Plant services	-	-	7,300	-	7,300
Ancillary services	6,527	-	-	-	6,527
Interest and other	-	-	-	62,500	62,500
Total expenditures	6,527	169,206	7,300	62,500	245,533
(Deficiency) of Revenues Over Expenditures	(3,655)	(32,483)	(4,724)	(30,768)	(71,630)
Other Financing Sources					
Transfers in	-	75,000	-	-	75,000
Net Change in Fund Balances	(3,655)	42,517	(4,724)	(30,768)	3,370
Fund Balance - Beginning	5,539	53,408	(2,372)	102,654	159,229
Fund Balance - Ending	\$ 1,884	\$ 95,925	\$ (7,096)	\$ 71,886	\$ 162,599

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Waukena Joint Union Elementary School District (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had no food commodities remaining.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met 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 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.



Independent Auditor's Reports
June 30, 2022

Waukena Joint Union Elementary School District



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Governing Board
Waukena Joint Union Elementary School District
Tulare, 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 Waukena Joint Union Elementary School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Waukena Joint Union Elementary School District's basic financial statements and have issued our report thereon dated January 30, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 15 to the financial statements, the Waukena Joint Union Elementary School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waukena Joint Union Elementary School District's internal control over financial reporting (internal control) as a basis for designing 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 Waukena Joint Union Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Waukena Joint Union Elementary School District's internal control.

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



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Waukena Joint Union Elementary School District
Tulare, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Waukena Joint Union Elementary School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Waukena Joint Union Elementary School District's major federal program for the year ended June 30, 2022. Waukena Joint Union Elementary School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Waukena Joint Union Elementary School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Waukena Joint Union Elementary School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Waukena Joint Union Elementary School District's compliance with the compliance requirements referred to above.

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Esde Sully LLP". The signature is written in a cursive, flowing style.

Fresno, California
January 30, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Waukena Joint Union Elementary School District
Tulare, California

Report on Compliance

Opinion on State Compliance

We have audited Waukena Joint Union Elementary School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	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)
Immunizations	No (see below)
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No (see below)
In Person Instruction Grant	Yes
Charter Schools	
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 procedures for Independent Study because the independent study ADA was under the level that requires testing.

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

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

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

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

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

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Fresno, California
January 30, 2023



Schedule of Findings and Questioned Costs
June 30, 2022

Waukena Joint Union Elementary School District

Waukena Joint Union Elementary School District

Summary of Auditor's Results

Year Ended June 30, 2022

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>
COVID-19, Elementary and Secondary School Emergency Relief ESSER	84.425D
COVID-19, Elementary and Secondary School Emergency Relief ESSER II	84.425D
COVID-19, Expanded Learning Opportunities ELO Grant: ESSER III, State Reserve Emergency Needs	84.425U
COVID-19, Elementary and Secondary School Emergency Relief ESSER III	84.425U
COVID-19, Expanded Learning Opportunities (ELO) Grant Esser II State Reserve	84.425D
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

Audit Adjustments

- Vendor Payables, Accounts Receivable, and Construction-in-Process at June 30, 2022, were all understated.

Effect

The effects of these conditions resulted in the following:

- An audit adjustment in the aggregate remaining fund was necessary to correctly report the Student Activities Fund, which resulted in an understatement of revenues totaling \$2,872 and an understatement of expenditures totaling \$6,527.

Uncorrected Misstatements

- The stores inventory balance for the Cafeteria Fund was overstated by \$1,348, resulting in an uncorrected misstatement.
- The revenues received from the CNIPS program were overstated by \$1,697, resulting in an uncorrected misstatement.
- The fair market value amount posted in the general fund caused the fund to be understated by \$5,687, resulting in an uncorrected misstatement.
- Untimely cash deposits can lead to understating of assets and incorrect accruals of revenues.

Audit Adjustments

- Vendor Payables were understated by \$50,063, Accounts receivable was understated by \$39,825, and Construction-in-Process was understated by 145,922 at June 30, 2022.
- The lack of controls over the preparation of financial statements could result in a misstatement to the financial statements that would not be prevented or detected.

Cause

These oversights are mainly due to a turnover in management.

Repeat Finding

No.

Recommendation

We recommend the District improve controls surrounding the performance and approvals of reconciliations of account balances and transaction classes to the financial statements and should provide training and implement procedures to ensure that all accounts and year end accruals are accounted for or closed out properly and reflected properly in the financial statements

Cause

The cause of the conditions identified appears to be the inability of the Capital Facilities Non-Major Governmental Fund to meet its own operational needs. The negative unassigned fund balance was increased by the fair market value adjustment to cash in county.

Repeat Finding

No.

Recommendation

The District should monitor its budget to actual results to ensure that the Capital Facilities Non-Major Governmental Fund can maintain its operations. Contributions from the General Fund will likely be necessary to alleviate the deficit balance in the Capital Facilities Non-Major Governmental Fund. The District should consider a budget/fiscal accountability plan to help improve the financial performance of the Capital Facilities Non-Major Governmental Fund.

Corrective Action Plan and Views of Responsible Officials

The Capital Facilities Non-Major Governmental Fund does not receive sufficient funds on an ongoing basis to maintain its operations. A contribution from the General Fund was authorized and posted in August 2022 to bring the account balance current and be available for current year expenditures. The District will monitor cash balances in each fund on a monthly basis to ensure the cash balance does not fall below zero. Additionally, the District will ensure funds are deposited to the Treasury on a timely basis.

Waukena Joint Union Elementary School District
State Compliance Findings and Questioned Costs
Year Ended June 30, 2022

None reported.