

**WHITTIER UNION HIGH SCHOOL DISTRICT
LOS ANGELES COUNTY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2016**

WHITTIER UNION HIGH SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Whittier Union High School District
Whittier, 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 Whittier Union High School District (the District) as of and for the year ended June 30, 2016, 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 of material misstatement.

An audit involves performing procedures to obtain 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.

Board of Trustees
Whittier Union High School District

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 listed in the aforementioned table of contents 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 District as of June 30, 2016, 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, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, and schedule of postemployment healthcare benefits funding progress 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 supplementary schedules, combining non-major fund financial statements, and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

Board of Trustees
Whittier Union High School District

The supplementary section, including the schedule of expenditures of federal awards, and the combining non-major fund financial statements, are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The continuing disclosure information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 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 the 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 the District's internal control over financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 7, 2016

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the District for the year ended June 30, 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follows 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 its Statements No. 34 (*Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*) issued June 1999. Certain comparative information between the current and the prior year is required to be presented in the MD&A.

The Whittier Union High School District is a comprehensive high school district offering instruction to students in grades 9 thru 12. For the 2015-16 school year, the District operated five comprehensive high schools, one continuation high, an adult school and an independent study program. The mission of the District is to achieve and maintain excellence.

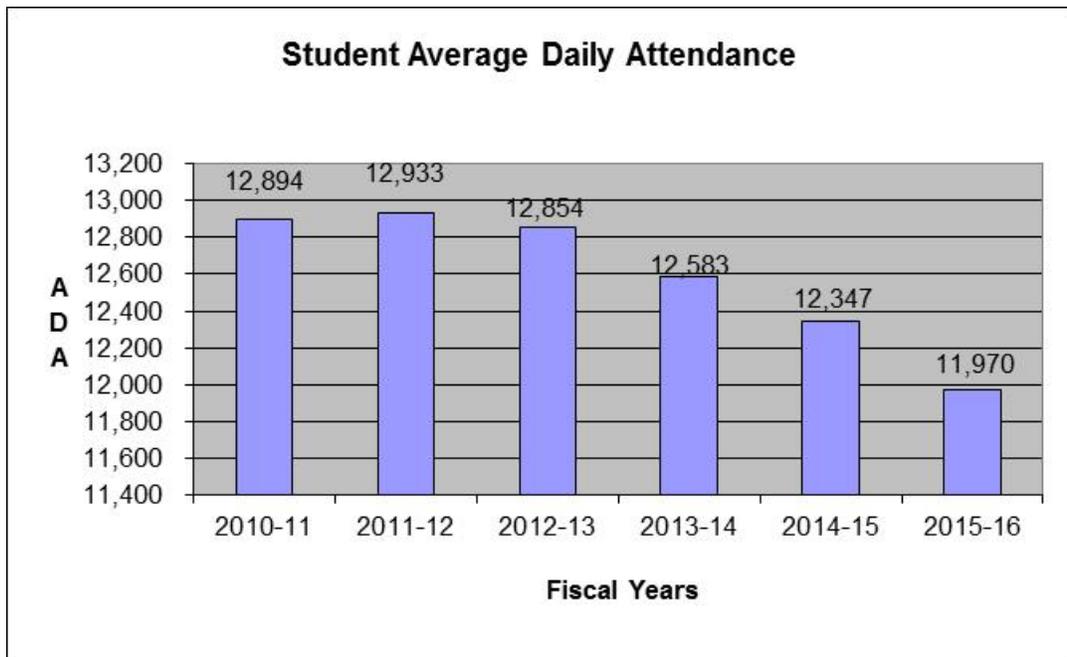
Financial Highlights

This section provides an overview of the District's financial activities.

- On January 10, 2013, Governor Brown introduced his proposed 2013–14 State budget. The cornerstone of the Governor's budget was a proposal to reform K–12 education funding with the implementation of a new funding model, the Local Control Funding Formula (LCFF). The LCFF distributes combined resources to schools through a base grant with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners and economically disadvantaged students. This funding would be phased in over 8 years. Fiscal Year 2015-16 is the second year of LCFF funding. The gap funding was \$13 million and declining enrollment was negative \$3.92 million, with an overall of \$11.1 million increase in revenue.
- In 2015-16 revenue for the government-wide activities was \$6.2 million less than expenses. The District had overall revenue of \$207 million. In 2014-15 the District had overall revenues of \$185 million with government-wide activities being \$13.2 million less than expenses.
- Construction in progress was \$22,212,064 in 2015–16. This is due to continued project activity from our Measure W bond issue only. The District is making progress on all sites, and is moving forward with Bond Measure W projects.

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

- The GASB 45 requirement to recognize the other postemployment benefits liability, as determined by an actuarial study, projects the Unfunded Actuarial Accrued Liability (UAAL) to be \$33,477,836 as of June 1, 2015, the most recent valuation date. A new study will be due for the 2017–2018 fiscal year. The District has been contributing funds into a Self–Insurance Fund for the past 17 years and has accumulated \$16,898,985 in this fund towards this liability.
- The District maintains reserves sufficient to meet the state–required minimum Reserve for Economic Uncertainties of 3% of General Fund expenditures.
- Attendance has decreased in the last two years with fluctuations that range from less than one percent to three percent, which was indicated by our feeder districts as they have been decreasing in the last six years. The 2015-16 year decreased by 377 ADA indicating that the decline in our feeder districts has affected the District’s ADA. The chart below shows the District’s Average Daily Attendance (ADA) excluding Adult Ed and ROP for the previous six–year period:



Fund Financial Statements

More detailed information about the District’s most significant funds—not the District as a whole, are provided in the fund financial statements. Funds are accounting formats the District uses to keep track of specific sources of funding and expenditures in particular programs. Some funds are required by bond covenants and by state law and other funds are established by the District to control and manage a variety of activities for particular purposes (such as repaying its

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

long-term debt). Other funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as federal grants).

The District maintains three classes of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flows (in and out) and the balances left at year-end that are available for expenditure in subsequent years. A detailed short-term view is provided by the governmental fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information is noted in the reconciliation provided after the governmental fund statements that explains the differences (or relationships).

Proprietary funds: The proprietary fund category includes Enterprise and Internal Service Funds. One type of proprietary fund, an enterprise fund, is used to report business-type activities. Internal Service funds (the second type of proprietary fund) reports activities that provide supplies and services for the other programs and activities of the District. Proprietary funds are reported in the same way as the district-wide statements but also include a statement of cash flows. Currently, the District has one internal service fund—the employee self-insurance fund for medical, dental, vision and workers' compensation. This fund also accounts for retiree health care costs related to postemployment benefits.

Fiduciary funds: For assets that belong to others, such as student activities funds, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are only used for their intended purpose and by those to whom the assets belong. A separate statement of net position and a statement of changes in net position report the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used to finance other District operations. The District has eight Student Body Funds.

Statement of Net Position

The Statement of Net Position is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets (current and non-current), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities and deferred inflows of resources).

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amounts owed by the District to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of those assets for expenditure.

The difference between total assets plus deferred outflows and total liabilities plus deferred inflows (net position) is one indicator of the current financial condition of the District, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The net position is presented in three major categories. The first category provides the information in regards to equity amounts in property, plant, and equipment owned by the District. The second category provides information on restricted net position that is legally restricted for specific purposes such as debt service, capital projects, educational programs and other purposes. The third category provides information on unrestricted net position that is available for obligations as may be approved by the Board of Trustees.

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

The Statement of Net Position as of June 30, 2015 and 2016 are summarized below:

	2015	2016
Assets		
Cash	\$ 111,426,146	\$ 112,400,724
Cash with fiscal agent	68,450	68,450
Accounts receivable	13,051,128	16,651,929
Stores inventory	237,469	220,242
Prepaid expenditures	8,661	34,048
Capital assets, net	200,447,354	215,201,986
Total Assets	325,239,208	344,577,379
Deferred Outflows of Resources		
Deferred outflows - pensions	8,110,042	17,648,767
Deferred charge on refunding	3,709,499	-
Total Deferred Outflows of Resources	11,819,541	17,648,767
Liabilities		
Liabilities - current	39,634,923	46,759,558
Long-term debt - non-current	264,409,390	295,706,093
Total Liabilities	304,044,313	342,465,651
Deferred Inflows of Resources		
Deferred inflows of resources - refunding bond		6,783,097
Deferred inflows of resources - pensions	26,272,254	12,514,060
Total Deferred Inflows of Resources	26,272,254	19,297,157
Net Position		
Net investment in capital assets	58,920,483	59,125,913
Restricted	51,666,867	26,857,042
Unrestricted	(103,845,168)	(85,519,617)
Total Net Position	\$ 6,742,182	\$ 463,338

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

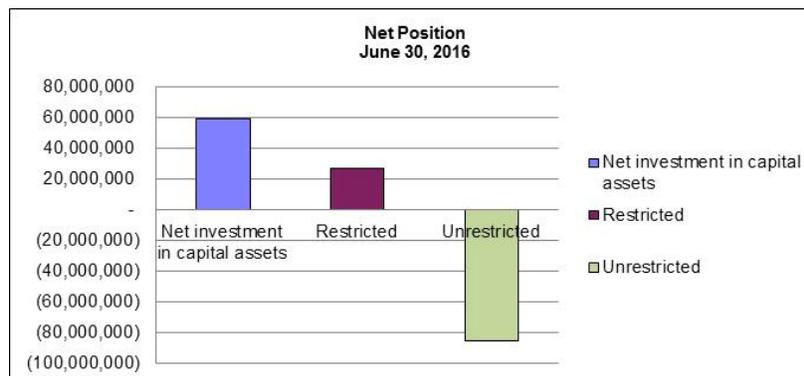
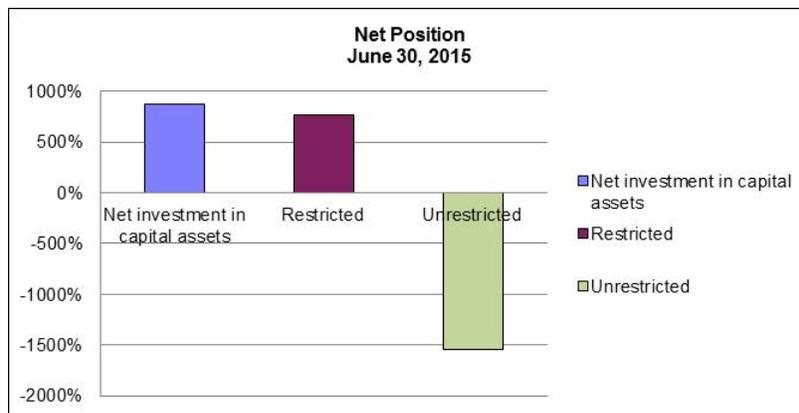
Cash is explained in the notes to the financial statements and is invested with the Los Angeles County Treasury to maximize interest income.

Accounts receivable are mainly amounts due from State and Federal government sources for the operation of categorical programs and Local Control Funding formula apportionment. The increase of approximately \$3.6 million is due to an increase in amounts due for special education state funding.

The capital assets of the District have a net increase of approximately \$14.8 million as a result of ongoing and completed projects. We continue to make steady progress on all our building projects and at some sites projects are substantially finished with more of the new bond measure projects being started.

Total liabilities show a net increase due to the OPEB obligation as determined by the latest actuarial study, accreted interest on capital appreciation bonds, and the addition to the financial statements of the pension liability, as required by GASB 68.

Unrestricted net position is a combination of unassigned and assigned amounts. The restricted balances are amounts legally restricted to fund future program salaries and purchases or capital projects as planned by the District.



WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the revenues earned, whether received or not, by the District, and the expenses incurred, whether paid or not, by the District. Thus, this Statement presents the District's results of operations.

The Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2015-2016 are summarized below:

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

	<u>2015</u>	<u>2016</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,369,106	\$ 1,265,012
Operating grants and contributions	56,061,477	56,227,433
Capital grants and contributions	52,936	
General revenues:		
Property taxes	31,156,561	35,005,469
Grants, subsidies and contributions unrestricted	94,573,007	111,027,989
Interest and investment earnings	436,546	394,654
Special item - loss on sale of capital assets		(494,516)
Other	1,682,107	3,674,449
Total revenues	<u>185,331,740</u>	<u>207,100,490</u>
Expenses		
Instruction	88,709,398	97,591,006
Instruction-related services	13,905,925	15,676,938
Pupil services	22,387,634	23,384,104
Ancillary services	365,863	463,120
Community services	378,997	400,129
General administration	8,834,599	8,840,237
Plant services	14,733,319	18,602,642
Other outgo	33,873,404	32,508,033
Debt service - interest	7,554,248	7,692,114
Depreciation (unallocated)	7,797,247	8,221,011
Total expenses	<u>198,540,634</u>	<u>213,379,334</u>
Decrease in net position	<u>(13,208,894)</u>	<u>(6,278,844)</u>
Net Position, beginning of year - originally presented	132,916,527	6,742,182
Cumulative effect of change in accounting principle	<u>(112,965,451)</u>	<u>-</u>
Net Position, beginning of year - after change in accounting principle	<u>19,951,076</u>	<u>6,742,182</u>
Net Position, end of year	<u>\$ 6,742,182</u>	<u>\$ 463,338</u>

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Total revenues increased by \$21.8 million. The District received additional revenue from LCFF-GAP funding, One-time Discretionary Block Grant, Educator Effective Entitlement, California Partnership Academy, and local sources.

Total expenses increased by \$15 million primarily due to salary and benefit (STRS and PERS) increases, targeted student expenditures and non-capitalized expenses associated with bond funds.

The information in the following table shows the District's ten largest functions and each program's net cost (total cost less revenues generated by the activities). This table also provides information on the net cost offset by unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

<u>Functions/Programs</u>	<u>2015</u>		<u>2016</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental activities:				
Instruction	\$ 88,709,398	\$ 67,853,811	\$ 97,591,006	\$ 71,765,900
Instruction related services	13,905,925	10,785,234	15,676,938	11,140,685
Pupil services	22,387,634	13,331,539	23,384,104	14,807,483
Ancillary services	365,863	365,863	463,120	463,120
Community services	378,997	378,997	400,129	393,819
General administration	8,834,599	8,597,022	8,840,237	8,393,542
Plant services	14,733,319	14,593,588	18,602,642	18,227,107
Other outgo and debt service	41,427,652	17,353,814	40,200,147	22,474,222
Depreciation (unallocated)	7,797,247	7,797,247	8,221,011	8,221,011
Total governmental activities	<u>\$ 198,540,634</u>	<u>\$ 141,057,115</u>	<u>\$ 213,379,334</u>	<u>\$ 155,886,889</u>

Governmental Funds

The District's Governmental Funds include the Building Fund, the Special Education Pass-through Fund, Other Governmental Funds, and most importantly, the General Fund. Figures 2 and 3 summarize the District's Governmental Funds' revenues and figures 4 and 5 summarize the expenses by function.

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Figure 2

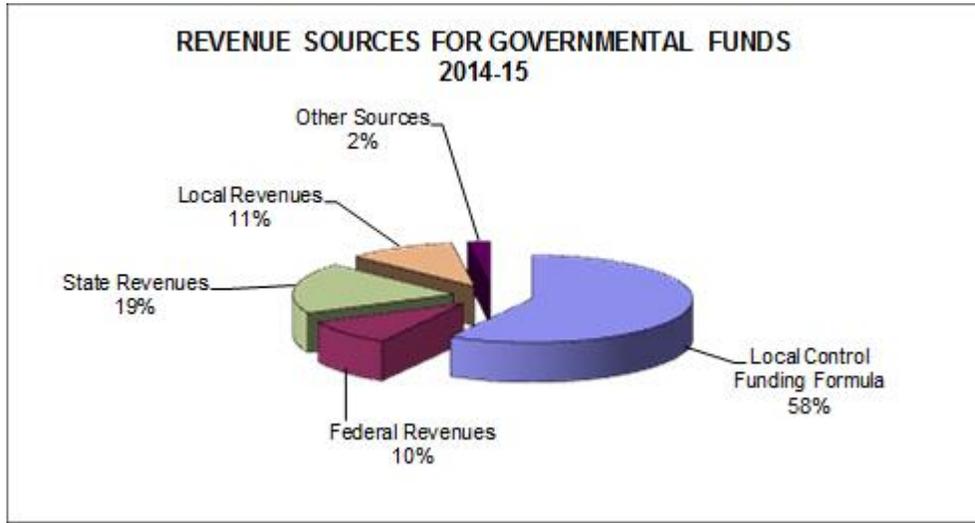
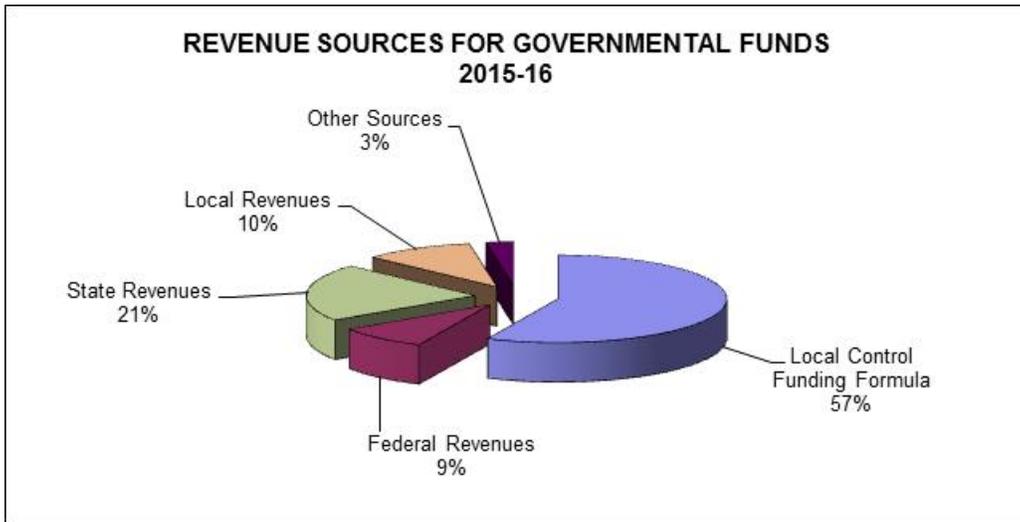


Figure 3



WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Figure 4

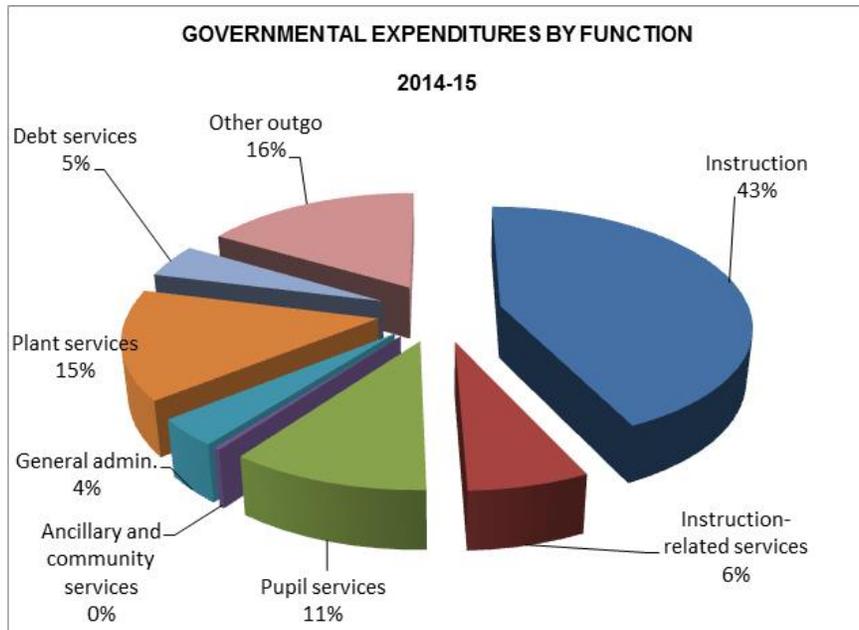
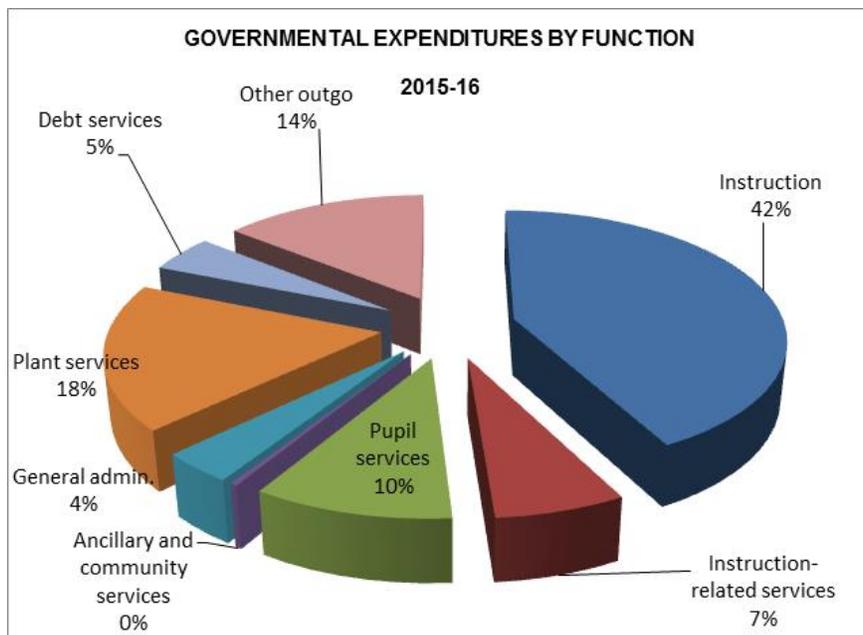


Figure 5



WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

- The largest expenditure of the District's General Fund is the salary and benefit cost. The District expended approximately 75% of the total general fund, less WACSEP, this reporting period on salaries and benefits. Certificated and classified salaries are adjusted annually for step and column movement and salary savings due to attrition and retirements if any. For the current year, step increases were approximately .83% for certificated employees after adjustment for savings and .62% for classified employees. The step increases for certificated are lower than the average of 1.5% due to the number of fewer new teachers that are replacing higher paid teachers taking retirement.
- Health and Welfare benefits (medical, vision, dental and life) premiums paid by the District were projected to remain steady in 2015-16. The number of plan participants remained the same. The District made a contribution to the Health Fund of \$1.5 million due to increase in premium. The District has made contributions to the Health Fund as a stop gap measure until the economy improves. For Fiscal Year 2016-2017, The District is taking additional measures to ensure the Fund is fiscally solvent for future years.
- Interest income is considered non-operating revenue. Interest income was primarily generated by the cash invested in the Los Angeles County Treasury, which paid an average rate of 0.6775% on the education pool for the fiscal year ending June 30, 2016.
- Expense percentages by function remained fairly consistent.

Capital Asset and Debt Administration

Capital Assets

The Governmental Accounting Standards Board Statement No. 34 (GASB 34) requires that governmental agencies account for fixed assets in the same way that private and public corporations do. This involves recognizing the value of the agency's fixed assets, such as, land, buildings and equipment in the fixed asset section of the balance sheet. Districts must now track annual and accumulated depreciation on major assets.

As of June 30, 2015, the District had \$200.4 million invested in net capital assets, primarily related to school construction and other capital improvements. This has increased to \$215.2 million as of June 30, 2016. Significant progress was made on our construction projects increasing our net capital assets by \$14.8 million.

Note 7 to the financial statements provides additional information on capital assets. A summary of capital assets, net of depreciation, is presented below:

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

	<u>2015</u>	<u>2016</u>
Land	\$ 1,384,535	\$ 1,384,535
Construction in progress	9,941,680	22,211,786
Site improvements, net	17,354,087	16,844,332
Building and improvements, net	169,345,118	172,384,504
Furniture and equipment, net	<u>2,421,934</u>	<u>2,376,829</u>
Net capital assets	<u>\$ 200,447,354</u>	<u>\$ 215,201,986</u>

Debt

Note 8 to the financial statements provides additional information on outstanding debt. A summary of the District's outstanding debt at year-end is presented below:

	<u>2015</u>	<u>2016</u>
General obligation bonds	\$ 158,192,961	\$ 165,735,475
Compensated absences	1,412,953	1,251,161
Early retirement incentive	298,763	-
Net pension liability	94,649,934	119,384,815
Other postemployment benefits other than pensions (OPEB)	<u>15,749,833</u>	<u>18,996,640</u>
Net long-term debt	<u>\$ 270,304,444</u>	<u>\$ 305,368,091</u>

Long-term debt has increased by \$35.1 million due to an increase in the pension liability, for the rise in OPEB, and for increases in accreted interest on bonds offsetting the reduction to other components of the long-term debt.

Both bond issues received an Aa-1 rating from Moody's Investor Service, the highest rating a California school district can receive. Moody's rating is attributed to the District's large tax base, which is expected to show continued stable growth, a very strong financial position characterized by significant available cash reserves and strong, conservative management. "The excellent Moody's rating validates Whittier Union's dedication to responsibly managing these bonds and ensuring taxpayers are paying the lowest, most prudent tax rates to effectively maintain our community's high schools and provide our students with safe, 21st century environments in which to learn,"

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Each year OPEB will increase but the District has set aside funds in a self-insurance fund to help fund this future obligation. At present the District has \$16.9 million in this fund. As of the latest actuarial study for these benefits, the future liability is projected at \$33 million dollars.

General Fund Budget

During the fiscal year, the Board of Trustees authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A budgetary comparison schedule for the general fund is presented on page 52.

Variations between final budget amounts and actual results were a direct result of actions taken by the Board of Trustees to reduce or defer expenditures and increase income during the fiscal year.

Variations between the original and final budget amounts were primarily created by carryover of funds and new funding for categorical programs. These amounts were unknown at the time the original budget was adopted.

The District's budget is prepared in accordance with California law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year, to be completed by June 30. After updating of the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students. The departments then receive the remainder of funds to bring the budget into balance. The site and department budgets are reviewed periodically to ensure management becomes aware of any significant variations during the year.

Economic Factors that may affect the Future

State Budget and 2015-16 LCFF — In 2013–14, the State implemented the Local Control Funding Formula (LCFF). This funding model formula establishes a base with supplemental and concentration add-ons for English learners, free and reduced-price meal eligible students and foster youth students. For 2016–17, Local Control Funding Formula (LCFF), the base grant was budgeted at \$8,801, which includes COLA at 1.02% or \$87 per ADA. From the most recent budget information provided by LACOE, the District's additional portion of LCFF is expected to be approximately \$10.7 million for 2016-17. This is derived from the base grant budgeted at \$8,801 and the GAP funding projected to be 54.18%. The District is on firm footing for the next couple of years under the current scenario, but needs to remain vigilant in the event the State economy does not improve as expected in the future.

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Projected Student Average Daily Attendance – District ADA is projected to decline in the 2016-17 school year. Student ADA from the CBEDS report is projected at 11,922 including 10,644 regular student ADA, and 1,278 Special Education student ADA. In the most recent year, 2015-16, ADA decreased 3.1% less than 2014-15.

Year	P2 ADA	Percent Growth %
2003–04 (actual)	11,707	5.07 %
2004–05 (actual)	12,263	4.74 %
2005–06 (actual)	12,554	2.38 %
2006–07 (actual)	12,653	0.79 %
2007–08 (actual)	12,836	1.44 %
2008–09 (actual)	12,840	0.00 %
2009–10 (actual)	12,827	(0.1%)
2010–11 (actual)	12,894	0.5%
2011–12 (actual)	12,933	0.3%
2012–13 (actual)	12,854	(0.6%)
2013–14 (actual)	12,583	(2.1%)
2014–15 (actual)	12,347	(1.8%)
2015-16 (actual)	11,970	(3.1%)

Lottery – Lottery income for years 2015-16 and 2016-17 is based on estimates from the State Department of Education, the Los Angeles County Office of Education, and School Services of California. Projected lottery income by School Services of California was \$181 per ADA for 2015-16, but districts received \$194.83 per ADA for the 2015-16 fiscal year. The estimate for the 2016-17 fiscal year is \$189 per ADA and holds at that level for the next several years.

Special Education – It is estimated that the District will receive somewhat level funding for Special Education in 2016-17. Based on current estimates, the General Fund contribution in support of various Special Education programs in 2016-17 will be approximately \$15.4 million.

Ending Fund Balance Projection – The District’s 2015-16 ending fund balance and projected 2016-17 ending fund balance are projected to meet the required 3% contingency reserve requirement.

WHITTIER UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Contacting the District's Financial Management

This financial report is designed to provide the community, investors, creditors, etc. with a general overview of the District's financial condition and to show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact:

Dr. Monica Oviedo, Assistant Superintendent of Business
9401 South Painter Avenue
Whittier, CA 90605
Tel: (562) 698-8121 x-1010

FINANCIAL SECTION

WHITTIER UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 111,610,644
Cash on hand and in banks	737,177
Cash in revolving fund	52,903
Cash with fiscal agent	68,450
Accounts receivable	16,651,929
Inventories	220,242
Prepaid expenses	34,048
Land	1,384,535
Construction in progress	22,211,786
Depreciable assets, net	191,605,665
Total Assets	344,577,379
 <u>Deferred Outflows of Resources</u>	
Deferred outflows - pensions	17,648,767
 <u>Liabilities</u>	
Accounts payable and other current liabilities	27,601,714
Accrued interest	1,285,365
Unearned revenue	191,659
Estimated liability for open claims and incurred but not reported (IBNR)	8,018,822
Current portion of long-term liabilities	
General obligation bonds payable	9,455,000
Compensated absences	206,998
Non-current portion of long term liabilities	
General obligation bonds payable	156,280,475
Compensated absences	1,044,163
Net pension liability	119,384,815
Other postemployment benefits other than pensions (OPEB)	18,996,640
Total Liabilities	342,465,651
 <u>Deferred Inflows of Resources</u>	
Deferred inflows - refunding bond	6,783,097
Deferred inflows - pensions	12,514,060
Total Deferred Inflows of Resources	19,297,157
 <u>Net Position</u>	
Net investment in capital assets	59,125,913
Restricted for:	
Debt service	6,537,269
Capital projects	11,140,543
Educational programs	9,071,757
Other purposes	107,473
Unrestricted	(85,519,617)
Total Net Position	\$ 463,338

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2016

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 97,591,006	\$ 60,366	\$ 25,764,740	\$ (71,765,900)
Instruction - related services	15,676,938	6,033	4,530,220	(11,140,685)
Pupil services	23,384,104	1,182,847	7,393,774	(14,807,483)
Ancillary services	463,120			(463,120)
Community services	400,129		6,310	(393,819)
General administration	8,840,237	13,248	433,447	(8,393,542)
Plant services	18,602,642		375,535	(18,227,107)
Other outgo	32,508,033	2,518	17,723,407	(14,782,108)
Debt service - interest	7,692,114			(7,692,114)
Depreciation (unallocated)	8,221,011			(8,221,011)
Total Governmental Activities	\$ 213,379,334	\$ 1,265,012	\$ 56,227,433	(155,886,889)
 General Revenues				
Property taxes levied for				
General purposes				23,373,897
Debt service				10,986,039
Other specific purposes				645,533
Federal and state aid not restricted to specific purposes				111,027,989
Interest and investment earnings				394,654
Miscellaneous				3,674,449
Special item - loss on disposal of capital assets				(494,516)
Total General Revenues and Special Items				149,608,045
				Change in net position (6,278,844)
Net Position - Beginning of Year				6,742,182
Net Position - End of Year				\$ 463,338

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2016

	General Fund	Building Fund	Special Education Pass-Through Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash in county treasury	\$ 41,784,806	\$ 12,007,729	\$ 2,858,279	\$ 13,111,512	\$ 11,842,558	\$ 81,604,884
Cash on hand and in banks					417,177	417,177
Cash in revolving fund	50,000				2,903	52,903
Cash with fiscal agent	50,000					50,000
Accounts receivable	9,444,238	50,600	5,482,154		1,115,668	16,092,660
Due from other funds	593,257					593,257
Inventories	115,672				104,570	220,242
Prepaid expenditures	34,048					34,048
Total Assets	\$ 52,072,021	\$ 12,058,329	\$ 8,340,433	\$ 13,111,512	\$ 13,482,876	\$ 99,065,171
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 15,584,493	\$ 2,397,882	\$ 8,340,433	\$ -	\$ 1,061,220	\$ 27,384,028
Due to other funds					593,257	593,257
Unearned revenue	191,659					191,659
Total Liabilities	15,776,152	2,397,882	8,340,433	-	1,654,477	28,168,944
Fund Balances						
Nonspendable	249,720				107,473	357,193
Restricted	8,747,023	9,660,447		13,111,512	11,465,277	42,984,259
Assigned	17,161,974				255,649	17,417,623
Unassigned	10,137,152					10,137,152
Total Fund Balances	36,295,869	9,660,447	-	13,111,512	11,828,399	70,896,227
Total Liabilities and Fund Balances	\$ 52,072,021	\$ 12,058,329	\$ 8,340,433	\$ 13,111,512	\$ 13,482,876	\$ 99,065,171

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2016

Total fund balances - governmental funds \$ 70,896,227

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds. These assets consist of:

Land	\$ 1,384,535	
Construction in progress	22,211,786	
Depreciable assets, net	191,605,665	215,201,986

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Compensated absences	(1,251,161)	
General obligation bonds	(136,938,592)	
Unamortized premium on general obligation bonds	(11,372,598)	
Accreted interest on capital appreciation bonds	(17,424,285)	
Other postemployment benefits other than pensions (OPEB)	(18,996,640)	
Net pension liability	(119,384,815)	(305,368,091)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred outflows - pensions	17,648,767	
Deferred inflows - pensions	(12,514,060)	
Deferred inflows - refunding	(6,783,097)	(1,648,390)

An internal service fund is used by the District to report the costs of its self-insurance programs. The assets and liabilities should be included with governmental activities. The fund consists of:

Assets	30,444,345	
Less: Liabilities	(8,236,508)	22,207,837

Interest expense related to general obligation bonds payable was incurred but not accrued through June 30, 2016 (1,285,365)

Property tax revenue related to general obligation bonds was assessed but not accrued through June 30, 2016 459,134

Total net position - governmental activities \$ 463,338

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016**

	General Fund	Building Fund	Special Education Pass-Through Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local control funding formula sources:						
State apportionments	\$ 98,202,797	\$	\$	\$	\$	\$ 98,202,797
Local sources	23,373,897					23,373,897
Total local control funding formula sources	121,576,694					121,576,694
Federal sources	8,550,249		5,806,086		4,292,468	18,648,803
Other state sources	24,811,587		17,154,978	98,726	3,363,586	45,428,877
Other local sources	8,161,407	189,038		12,306,699	1,943,097	22,600,241
Total Revenues	163,099,937	189,038	22,961,064	12,405,425	9,599,151	208,254,615
Expenditures						
Instruction	93,826,248				2,227,997	96,054,245
Instruction - related services	14,207,328				659,096	14,866,424
Pupil services	15,855,614				6,737,443	22,593,057
Ancillary services	451,439					451,439
Community services	382,233					382,233
General administration	8,502,050					8,502,050
Plant services	14,816,186	22,480,185			3,975,738	41,272,109
Other outgo	7,713,937		22,961,064	1,703,032		32,378,033
Debt service				10,563,890		10,563,890
Total Expenditures	155,755,035	22,480,185	22,961,064	12,266,922	13,600,274	227,063,480
Excess (deficiency) of revenues over expenditures	7,344,902	(22,291,147)		138,503	(4,001,123)	(18,808,865)
Other Financing Sources (Uses)						
Proceeds from sale of bonds		18,995,000		75,054,607		94,049,607
Payment to refunded bond escrow agent				(73,351,575)		(73,351,575)
Interfund transfers in	357,922				5,232,742	5,590,664
Interfund transfers out	(2,067,941)				(5,022,723)	(7,090,664)
Total Other Financing Sources (Uses)	(1,710,019)	18,995,000	-	1,703,032	210,019	19,198,032
Net changes in fund balance	5,634,883	(3,296,147)	-	1,841,535	(3,791,104)	389,167
Fund Balances at Beginning of Year	30,660,986	12,956,594	-	11,269,977	15,619,503	70,507,060
Fund Balances at End of Year	\$ 36,295,869	\$ 9,660,447	\$ -	\$ 13,111,512	\$ 11,828,399	\$ 70,896,227

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ 389,167

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 23,470,159	
Depreciation expense	<u>(8,221,011)</u>	
Excess (deficiency) of capital outlay over depreciation expense		15,249,148
Loss from disposal of capital assets		(494,516)

Issuance of long-term debt is reported as proceeds in governmental funds but increases long-term liabilities in the statement of net position.

General obligation bond		(82,855,000)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bond principal payments and amounts paid to the refunded bond escrow agent		75,847,202
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In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contribution was:

(1,437,962)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest	208,854	
Decrease in accreted interest	320,731	
Increase in other postemployment benefits other than pensions (OPEB)	(3,246,807)	
Decrease in compensated absences	161,792	
Decrease in early retirement incentive	298,763	
Net increase in premium on general obligation bonds	(855,447)	
Increase in accrued property tax receivable for general obligation bond debt	14,234	
Increase in deferred inflow on refunding bonds	(6,783,097)	
Decrease in deferred outflow on refunding bonds	<u>(3,709,499)</u>	(13,590,476)

An internal service fund is used by the District to report the costs of its self-insurance programs. The net income of the internal service fund is reported with governmental activities.

613,593

Change in net position of governmental activities		<u>\$ (6,278,844)</u>
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See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
June 30, 2016

	Governmental Activities: Internal Service Fund	Self-Insurance Fund
<u>Assets</u>		
Cash in county treasury	\$ 30,005,760	
Cash on hand and in banks	320,000	
Cash with fiscal agent	18,450	
Accounts receivable:		
Miscellaneous		<u>100,135</u>
Total Assets		<u>30,444,345</u>
<u>Liabilities</u>		
Accounts payable	217,686	
Estimated liability for open claims incurred but not recorded		<u>8,018,822</u>
Total Liabilities		<u>8,236,508</u>
<u>Net Position</u>		
Unrestricted		<u>22,207,837</u>
Total Net Position	\$	<u>22,207,837</u>

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND**

For the Fiscal Year Ended June 30, 2016

	Governmental Activities: Internal Service Fund
	<u>Self-Insurance Fund</u>
Operating Revenues	
Self-insurance premiums	\$ 14,326,648
Other Local revenue	<u>8,479</u>
Total Operating Revenues	<u>14,335,127</u>
Operating Expenditures	
Payments for claims and other operating expenditures	<u>15,443,992</u>
Total Operating Expenditures	<u>15,443,992</u>
Net operating loss	<u>(1,108,865)</u>
Non-Operating Revenues	
Interest income	222,458
Interfund transfer in	<u>1,500,000</u>
Total Non-Operating Revenues	<u>1,722,458</u>
Change in net position	613,593
Net Position at Beginning of Year	<u>21,594,244</u>
Net Position at End of Year	<u>\$ 22,207,837</u>

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2016**

	Governmental Activities: Internal Service Fund Self-Insurance Fund
Cash Flows from Operating Activities	
Cash received from premiums and other revenues	\$ 14,336,836
Cash paid for claims and operating expenditures	<u>(14,555,212)</u>
Net cash used by operating activities	<u>(218,376)</u>
Cash Flows from Investing Activities	
Interest income	<u>240,638</u>
Net cash provided by investing activities	<u>240,638</u>
Cash Flows from Non-capital Financing Activities	
Interfund transfer in	<u>1,500,000</u>
Net cash provided by non-capital financing activities	<u>1,500,000</u>
Net increase in cash	1,522,262
Cash - July 1, 2015	<u>28,821,948</u>
Cash - June 30, 2016	<u>\$ 30,344,210</u>

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2016

	Governmental Activities: Internal Service Fund <hr/> Self-Insurance Fund <hr/>
Reconciliation of operating loss to net cash used by operating activities	
Operating Loss	\$ (1,108,865)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	1,709
Accounts payable	150,818
IBNR	<u>737,962</u>
Total adjustments	<u>890,489</u>
Net cash used by operating activities	<u>\$ (218,376)</u>
Cash balances at June 30, 2016 consisted of the following:	
Cash in county treasury	\$ 30,005,760
Cash in banks	320,000
Cash with fiscal agent	<u>18,450</u>
Total cash	<u>\$ 30,344,210</u>

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	<u>District Scholarship Fund</u>	<u>Associated Student Body Funds</u>
<u>Assets</u>		
Cash on hand and in banks	\$ 57,576	\$ 1,694,340
Accounts receivable:		
Miscellaneous		3,404
Total Assets	<u>57,576</u>	<u>1,697,744</u>
<u>Liabilities</u>		
Accounts payable		48,955
Unearned revenue		39,089
Funds held in trust		922,252
Total Liabilities	<u>-</u>	<u>1,010,296</u>
<u>Net Position</u>		
Restricted	57,576	
Unrestricted		687,448
Total Net Position	<u>\$ 57,576</u>	<u>\$ 687,448</u>

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2016**

	<u>District Scholarship Fund</u>	<u>Associated Student Body Funds</u>
Additions		
Revenue from local sources	\$ 2	\$ 1,525,760
Total Additions	<u>2</u>	<u>1,525,760</u>
 Deductions		
Other expenses	<u> </u>	<u>1,402,877</u>
Total Deductions	<u>-</u>	<u>1,402,877</u>
 Changes in net position	2	122,883
 Net Position - Beginning of Year	<u>57,574</u>	<u>564,565</u>
 Net Position - End of Year	<u>\$ 57,576</u>	<u>\$ 687,448</u>

See accompanying notes to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds. Fiduciary funds are excluded.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. 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. Depreciation and interest expense have not been allocated to specific functions.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary and proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction: includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services: includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services: includes home to school transportation, food services, and other pupil services.

Ancillary Services: includes activities that are generally designed to provide students with experiences outside the regular school day.

Community Services: includes activities that provide services to community participants other than students.

General Administration: includes data processing services and all other general administration services.

Plant Services: includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo: includes transfers to other agencies.

Debt Service: includes principal and interest payments for long term debt.

The proprietary and fiduciary fund expenses are presented by natural classification.

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The Statement of Revenues, Expenditures and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the results of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: used to account for all financial resources except those required to be accounted for in another fund. The Deferred Maintenance Fund no longer meets the definition of a special revenue fund as it is no longer primarily composed of restricted or committed revenue sources. Therefore, all activities of these funds are reported in the General Fund. In addition, the general operating fund includes the administrative activity of Whittier Area Cooperative Special Education Program as a blended component unit.

Building Fund: used to account for repairs, construction, and/or acquisition of major capital facilities; acquisition, retro-fitting and operation of real property; proceeds of general obligation bonds and income from rental of unused sites. The Building Fund is a consolidation of two sub-funds.

Special Education Pass-Through Fund: used by the Administrative Unit of the Whittier Area Cooperative Special Education Program to account for Special Education revenue passed through to other member districts.

Bond Interest and Redemption Fund: used to account for payment of bond interest and redemption of general obligation bond principal.

Governmental Funds – Non-Major

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Adult Education Fund: used to account for resources restricted or committed to adult education programs maintained by the District.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cafeteria Fund: used to account for revenues received and expenditures made to operate the District's cafeterias.

Child Development Fund: used to account for resources committed to child development programs. The District elected to cease operation of the Child Development Fund due to lack of funding.

Capital Projects Funds: used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general fixed assets.

Capital Facilities Fund: used to account for resources received from residential and commercial developer impact fees.

County School Facilities Fund: used to account for the School Facility Program grants award for modernization and new construction of various school sites.

Proprietary Funds

Self-Insurance Fund

Internal Service Fund: used to account for services rendered on a cost-reimbursement basis within the District. The Internal Service Fund consists of three sub-funds as follows:

Workers' Compensation Fund: used to account for resources restricted to the District's self-insurance program for workers' compensation.

Medical Fund: used to account for resources restricted to the District's medical insurance program.

Other Postemployment Benefit Fund: used to account for payments of health and welfare benefits for retirees and reserves for future payments.

Fiduciary Funds

District Scholarship Fund: used to account for granting of scholarships to District students. The funds for these scholarships are derived from gifts and interest earnings.

Associated Student Body Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The District operates eight Associated Student Body funds.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Agency Activities

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes, and other contributions. The District had a deficit cash balance in the county treasury amounting to \$(1,009,586) on June 30, 2016, which represents a prepayment of withholdings payable.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible.

Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of expendable supplies held for consumption. At June 30, 2016, the inventory for supplies is \$115,672. Food inventories are presented at cost and are expensed when used. At June 30, 2016, the inventory for food is \$104,570.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	5-10 years
Vehicles	5-7 years

Depreciation expense reported on the government-wide statement of activities excludes direct depreciation expense recorded to functions where applicable.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. These amounts are reported in the government-wide statement of net position. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in proportion and the difference between expected and actual experience. The deferred outflows – pensions will be deferred and amortized as detailed in Note 11 to the financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 cash received on specific projects and programs exceed qualified expenditures.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees'

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period.

Deferred Inflows – Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows – Pensions: The deferred inflows of resources related to pensions, results from the difference between the estimated and actual return on pension plan investments, the effect of changes in proportion and changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Trustees, through a formal action has given authority to the Assistant Superintendent of Business to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment functions.

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st. Unsecured property taxes are payable in one installment on or before August 31st.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state for local control funding formula purposes. Property taxes for debt service purposes have been accrued in the Government-wide financial statements.

During the fiscal year ended June 30, 2016, the District received \$183,080 in tax revenue and premiums for the sale of delinquent tax receivables to the California Statewide Tax Authority.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. The amount of on-behalf payments made for the District has been recorded in the fund financial statements.

Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from non-operating revenues. Operating

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

revenues include activities that have the characteristics of exchange transactions, such as food service sales, federal and most state and local grants and contracts, and self-insurance premiums. Non-operating revenues include activities that have the characteristics of non-exchange transactions that are defined as non-operating revenues by GASB.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Based upon the application of the criteria listed above, the following potential component unit has been included in the District's reporting entity:

The Whittier Area Cooperative Special Education Program (WACSEP): WACSEP serves an area-wide cooperative special education program for its seven member school districts. The operation of WACSEP is funded by its Master Plan for Special Education on a pro rata basis from its member districts. The District was selected under the SELPA local plan to be the administrative unit, therefore they receive funding as part of their responsibility to operate the fiscal aspects of the special education program. The administrative activity is blended in the General Fund and the pass-through activity is presented in the Special Education Pass-Through Fund.

Condensed financial information for WACSEP for the year ended June 30, 2016 is presented below:

	<u>WACSEP</u>
Total Assets	\$ 4,765,393
Total Liabilities	<u>1,228,239</u>
Total Net Position	<u>\$ 3,537,154</u>
Total Revenues	\$ 10,239,691
Total Reimbursable Costs	<u>11,573,651</u>
Reimbursable Cost in excess of Revenue	<u>\$ (1,333,960)</u>

Based upon the application of the criteria listed above, the following potential component units have not been included in the District's reporting entity:

Various PTA and Booster Clubs: Each of these types of organizations at each of the school sites within the District were evaluated using the three criteria listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA and the Booster Club individually are not significant to the District.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 2: BUDGETS

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption – Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Education Code 41002.5. As of June 30, 2016, \$2,228,646 of the District's bank balance of \$2,778,646 was exposed to credit risk as follows:

District's Bank Balance	June 30, 2016
Uninsured and collateral held by pledging bank's trust department not in the District's name.	\$ 2,228,646

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2016 is measured at 100.1168% of amortized cost on investments with maturities in excess of one year. The District's deposits in the fund are considered highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted by to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 3: DEPOSITS AND INVESTMENTS

secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating fund. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016 consists of the following:

			Special Education Pass-	Non-Major Governmental	Total Governmental	Total Governmental
<u>Accounts Receivable</u>	<u>General Fund</u>	<u>Building Fund</u>	<u>Through Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Activities</u>
Federal and state	\$ 8,888,649	\$	\$ 5,482,154	\$ 351,391	\$ 14,722,194	\$ 14,722,194
Miscellaneous	555,589	50,600		764,277	1,370,466	1,929,735
Total accounts receivable	<u>\$ 9,444,238</u>	<u>\$ 50,600</u>	<u>\$ 5,482,154</u>	<u>\$ 1,115,668</u>	<u>\$ 16,092,660</u>	<u>\$ 16,651,929</u>

NOTE 5: INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2016 are temporary loans and are detailed as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 593,257	\$
Non-Major Governmental Funds:		
Cafeteria Fund		593,257
Total	<u>\$ 593,257</u>	<u>\$ 593,257</u>

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 5: INTERFUND TRANSACTIONS

Interfund Transfers

Interfund activity has been eliminated in the Government-wide statements. The following transactions are reported in the fund statements.

Transfer from the General Fund to the Cafeteria Fund to contribute to the operation of the food services program.	\$ 567,941
Transfer from the General Fund to the Self-Insurance Fund for contribution to the health and welfare subfund.	1,500,000
Transfer from the Adult Education Fund to the County School Facilities Fund to relocate Adult Education portable classrooms.	4,664,801
Transfer from the Child Development Fund to the General Fund to close out the Child Development Fund.	<u>357,922</u>
Total	<u><u>\$ 7,090,664</u></u>

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 6: FUND BALANCES

The following amounts were nonspendable, restricted, assigned or unassigned as shown below:

	General Fund	Building Fund	Special Education Pass-Through Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:						
Cash in revolving fund	\$ 50,000	\$	\$	\$	\$ 2,903	\$ 52,903
Cash with fiscal agent	50,000					50,000
Inventories	115,672				104,570	220,242
Prepaid expenditures	34,048					34,048
Total nonspendable	<u>249,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,473</u>	<u>357,193</u>
Restricted:						
Legally restricted programs	8,747,023				324,734	9,071,757
County School Facilities					8,490,235	8,490,235
Capital Facilities					2,650,308	2,650,308
Debt service				13,111,512		13,111,512
Measure W		9,660,447				9,660,447
Total restricted	<u>8,747,023</u>	<u>9,660,447</u>	<u>-</u>	<u>13,111,512</u>	<u>11,465,277</u>	<u>42,984,259</u>
Assigned:						
Medi-Cal Billing - WACSEP	621,969					621,969
Adult education program					255,649	255,649
Declining enrollment	4,600,000					4,600,000
Reserve LCFF Gap Funding	8,399,499					8,399,499
Technology	1,000,000					1,000,000
Deferred maintenance program	2,393,254					2,393,254
Other carryovers	147,252					147,252
Total assigned	<u>17,161,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,649</u>	<u>17,417,623</u>
Unassigned:						
Economic uncertainties	3,227,635					3,227,635
Unassigned	6,909,517					6,909,517
Total unassigned	<u>10,137,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,137,152</u>
Total fund balance	\$ 36,295,869	\$ 9,660,447	\$ -	\$ 13,111,512	\$ 11,828,399	\$ 70,896,227

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2016 is shown below.

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 1,384,535	\$	\$	\$ 1,384,535
Construction in progress	9,941,680	18,181,439	5,911,333	22,211,786
Total capital assets not being depreciated	<u>11,326,215</u>	<u>18,181,439</u>	<u>5,911,333</u>	<u>23,596,321</u>
Capital assets being depreciated:				
Site improvements	37,798,995	646,254		38,445,249
Buildings	271,363,416	9,417,290		280,780,706
Furniture, equipment and vehicles	9,240,799	1,136,509	2,936,965	7,440,343
Total capital assets being depreciated	<u>318,403,210</u>	<u>11,200,053</u>	<u>2,936,965</u>	<u>326,666,298</u>
Less accumulated depreciation for:				
Site improvements	(20,444,908)	(1,156,009)		(21,600,917)
Buildings	(102,018,298)	(6,377,904)		(108,396,202)
Furniture, equipment and vehicles	(6,818,865)	(687,098)	(2,442,449)	(5,063,514)
Total accumulated depreciation	<u>(129,282,071)</u>	<u>(8,221,011)</u>	<u>(2,442,449)</u>	<u>(135,060,633)</u>
Depreciable assets, net	<u>189,121,139</u>	<u>2,979,042</u>	<u>494,516</u>	<u>191,605,665</u>
Governmental activities capital assets, net	<u>\$ 200,447,354</u>	<u>\$ 21,160,481</u>	<u>\$ 6,405,849</u>	<u>\$ 215,201,986</u>

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2016 is shown below.

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount Due in One Year
General obligation bonds:					
General obligation bonds payable	\$ 129,930,794	\$ 82,855,000	\$ 75,847,202	\$ 136,938,592	\$ 9,455,000
Bond Premium	10,517,151	11,194,607	10,339,160	11,372,598	
Accreted interest on capital appreciation bonds	17,745,016	3,547,066	3,867,797	17,424,285	
Total general obligation bonds	<u>158,192,961</u>	<u>97,596,673</u>	<u>90,054,159</u>	<u>165,735,475</u>	<u>9,455,000</u>
Compensated absences	1,412,953		161,792	1,251,161	206,998
Early retirement incentive	298,763		298,763	-	
Postemployment healthcare benefits	15,749,833	3,246,807		18,996,640	
Net pension liability	94,649,934	24,734,881		119,384,815	
Total	<u>\$ 270,304,444</u>	<u>\$ 125,578,361</u>	<u>\$ 90,514,714</u>	<u>\$ 305,368,091</u>	<u>\$ 9,661,998</u>

Liabilities for early retirement incentives are liquidated by the General Fund. Compensated

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

absences, OPEB and net pension liabilities are liquidated through contributions from various funds that record salaries. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's Office through the Bond Interest and Redemption Fund.

NOTE 9: GENERAL OBLIGATION BONDS

Measure C

On March 2, 1999, \$98 million in general obligation bonds were authorized by an election held within the Whittier Union High School District. The bonds were authorized to finance the repair and rehabilitation of schools, the construction of new classrooms and school facilities and the wiring of classrooms for modern technology.

On September 15, 2005 the District offered for sale \$99,202,133 in general obligation refunding bonds. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$88,895,000 and as Capital Appreciation Bonds in the aggregate principal amount of \$10,307,133.

The bonds were issued to refund certain outstanding general obligation bonds (Series A through E) of the District and to pay for certain capital improvements. The refunded general obligation bonds are considered fully defeased.

The Capital Appreciation Bonds were issued with maturity dates of August 1, 2012 through August 1, 2015. Prior to the applicable maturity date, each bond accreted interest on the principal component. Accreted interest of \$3,867,797 was paid during the 2015-2016 year.

On November 10, 2015, the District offered for sale \$63,860,000 in general obligation refunding bonds. The bonds were issued as Current Interest Bonds. The bonds were issued to refund all outstanding 2005 general obligation refunding bonds of the District. The refunded general obligation bonds are considered fully defeased.

The proceeds of the 2015 Refunding Bond were placed into an irrevocable escrow account and will be used to fund the future required principal and interest payables of the refunded bonds. The refunded portions of the bonds are considered in-substance defeased and are not recorded on the financial statements. The difference in cash flow requirements related to this refunding is a savings of cash outflow of approximately \$12,230,000. The present value of the economic gain to the District amounts to approximately \$11,200,000.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. The

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 9: GENERAL OBLIGATION BONDS

existing carrying value of the refunded debt exceeded the payments to the refunding escrow agent by \$7,752,111. Amortization of \$969,014 was recognized during the fiscal year ended June 30, 2016.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The refunding bonds included a premium of \$9,724,277, which is being amortized using the straight-line method. Amortization of \$1,215,535 was recognized during the fiscal year ended June 30, 2016. Unamortized premiums of \$8,790,499 associated with the refunded bonds was eliminated in the refunding transaction.

Measure W

On November 4, 2008, \$75 million in general obligation bonds were authorized by an election held within the Whittier Union High School District. The bonds were authorized to finance new construction and additions to and modernization of school facilities for the District.

On September 22, 2009, the District offered for sale \$38,001,949 in general obligation bonds. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$735,000 and as Capital Appreciation Bonds in aggregate principal amount of \$37,266,949.

The Capital Appreciation Bonds were issued with maturity dates of August 1, 2013 through August 1, 2034. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2016, \$17,424,285 in accreted interest, net of payments, has been accrued and included in long-term debt.

On February 27, 2014, the District offered for sale \$18,000,000 in general obligation bonds. The bonds were issued as Current Interest Bonds.

On November 24, 2015, the District offered for sale \$18,995,000 in general obligation bonds. The bonds were issued as Current Interest Bonds.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The Measure W bonds collectively included premiums of \$3,382,098 which are being amortized using the straight-line method. Amortization of \$333,126 was recognized during the fiscal year ended June 30, 2016.

The outstanding general obligation bonded debt of Whittier Union High School District (Measure C and Measure W) at June 30, 2016 is:

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 9: GENERAL OBLIGATION BONDS

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2015	Issued in Current Year	Principal	
							Payment Current Year	Outstanding June 30, 2016
Measure C:								
Refunding Bond	9/15/2005	8/11/07-8/1/32	3.25-5.00	\$ 99,202,133	\$ 73,967,313	\$	\$ 73,967,313	\$ -
2015 Refunding Bond	11/10/2015	8/1/16-8/1/23	5.0	63,860,000		63,860,000		63,860,000
Total Measure C				<u>163,062,133</u>	<u>73,967,313</u>	<u>63,860,000</u>	<u>73,967,313</u>	<u>63,860,000</u>
Measure W:								
Series 2009A Bond	9/22/2009	8/1/13-8/1/34	3.25-12.00	38,001,949	37,963,481		39,889	37,923,592
Series 2014B Bond	2/27/2014	8/1/15-8/1/23	2.00-4.00	18,000,000	18,000,000		1,840,000	16,160,000
Series 2015C Bond	11/24/2015	8/1/17-8/1/23	2.00-4.00	18,995,000		18,995,000		18,995,000
Total Measure W				<u>74,996,949</u>	<u>55,963,481</u>	<u>18,995,000</u>	<u>1,879,889</u>	<u>73,078,592</u>
Total				<u>\$ 238,059,082</u>	<u>\$ 129,930,794</u>	<u>\$ 82,855,000</u>	<u>\$ 75,847,202</u>	<u>\$ 136,938,592</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Measure C Repayment Schedule

Year Ending June 30,	Principal	Interest	Total
2017	\$ 7,390,000	\$ 2,190,753	\$ 9,580,753
2018	5,940,000	2,823,500	8,763,500
2019	6,540,000	2,526,500	9,066,500
2020	7,225,000	2,199,500	9,424,500
2021	7,950,000	1,838,250	9,788,250
2021-2024	28,815,000	2,969,500	31,784,500
Total	<u>\$ 63,860,000</u>	<u>\$ 14,548,003</u>	<u>\$ 78,408,003</u>

Measure W Repayment Schedule

Year Ending June 30,	Principal	Accreted Interest		Total
		Component	Interest	
2017	\$ 2,065,000	\$	\$ 1,064,131	\$ 3,129,131
2018	4,280,000		996,738	5,276,738
2019	4,480,000		907,881	5,387,881
2020	4,395,000		801,325	5,196,325
2021	4,623,912		685,850	5,309,762
2022-2026	24,267,660	11,252,341	916,350	36,436,351
2027-2031	17,484,951	37,126,882		54,611,833
2032-2035	11,482,069	41,041,960		52,524,029
Total	<u>\$ 73,078,592</u>	<u>\$ 89,421,183</u>	<u>\$ 5,372,275</u>	<u>\$ 167,872,050</u>

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees and health needs of employees and dependents. The District operates a Workers' Compensation Fund and a Health and Welfare Fund to account and finance its uninsured risks of loss. Under these programs, the Workers' Compensation Fund provides coverage for up to a maximum of \$500,000 for each workers' compensation claim, and the Health and Welfare Fund provides coverage up to \$115,000 for HMO and \$150,000 for PPO per claim. The District participates in a Joint Powers Authority and purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded the commercial coverage in the fiscal year ended June 30, 2016 for the Workers' Compensation Fund.

The District also operates an Other Postemployment Benefits Fund to account for payments of health and welfare benefits for retirees and reserves for future payments.

All funds of the District participate in the program and make payments to the funds based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for losses. The claims liabilities of \$6,518,822 for the Workers' Compensation Fund and \$1,500,000 for the Health and Welfare Fund at June 30, 2016 are based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amount in the fiscal year ended June 30, 2016 were:

Reported Liability	Beginning Fiscal Year Liability	Current Year Claims and Changes in		Ending Fiscal Year Liability
		Estimates	Claim Payments	
Worker's compensation	\$ 5,780,860	\$ 2,252,084	\$ (1,514,122)	\$ 6,518,822
Health and welfare	1,500,000	9,070,784	(9,070,784)	1,500,000
Total	<u>\$ 7,280,860</u>	<u>\$ 11,322,868</u>	<u>\$ (10,584,906)</u>	<u>\$ 8,018,822</u>

NOTE 11: EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2016, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans is as follows:

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
Pension Plan				
CalSTRS - STRP	\$ 90,214,160	\$ 12,655,314	\$ 8,861,420	\$ 7,924,447
CalPERS - Schools Pool Plan	29,170,655	4,993,453	3,652,640	3,293,307
Total	<u>\$ 119,384,815</u>	<u>\$ 17,648,767</u>	<u>\$ 12,514,060</u>	<u>\$ 11,217,754</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	CalSTRS-STRP Defined Benefit Program and Supplement 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	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.391%	7.391%

Contributions

Required member, District and State of California contribution 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. The contribution rates for each plan for the year ended June 30, 2016 are presented above and the total District contributions were \$7,037,231.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

	Balance
	June 30, 2016
Proportionate Share of Net Pension Liability	
District proportionate share of net pension liability	\$ 90,214,160
State's proportionate share of the net pension liability associated with the District	47,713,218
Total	<u>\$ 137,927,378</u>

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.1340%.

For the year ended June 30, 2016, the District recognized pension expense of \$7,924,447 and

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

revenue of \$3,695,925 for support provided by the state. At June 30, 2016, 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	\$ 7,037,231	\$
Difference between expected and actual experience		1,507,500
Effect of changes in proportion	5,618,083	
Net differences between projected and actual earnings on plan investments		7,353,920
Total	\$ 12,655,314	\$ 8,861,420

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 year ended June 30, 2017. The net differences between projected and actual earnings on plan investments is amortized over a five year period. All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2015 measurement date is 7 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 4 years and 6 years, respectively.

The remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2017	\$ (1,153,383)
2018	(1,153,383)
2019	(1,153,383)
2020	(1,153,383)
2021	685,097
2022	685,098
Total	\$ (3,243,337)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014 used the following methods and assumptions, applied to all prior periods included in the measurement:

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.60%
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop an expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset	Long-term
	Allocation	Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.60%)	\$ 136,216,360
Current discount rate (7.60%)	90,214,160
1% increase (8.60%)	51,982,620

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan 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.

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,

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

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 5 years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

Provisions and Benefits	CalPERS-Schools Pool Plan	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	6.974%	6.000%
Required employer contribution rate	11.847%	11.847%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016 are as presented above and the total District contributions were \$2,761,367.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$29,170,655. The net pension liability was measured as of June 30, 2015. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District’s proportion was 0.1979%.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

For the year ended June 30, 2016, the District recognized pension expense of \$3,293,307. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,761,367	\$
Difference between expected and actual experience	1,667,146	
Effect of changes in assumptions		1,792,326
Effect of changes in proportion	564,940	861,487
Net differences between projected and actual earnings on plan investments		998,827
Total	\$ 4,993,453	\$ 3,652,640

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 year ended June 30, 2017. The net differences between projected and actual earnings on plan investments is amortized over a five year period. All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSLS) of the plan participants. The EARSLS for the CalPERS Plan for the June 30, 2015 measurement date is 3.9 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 4 years and 2.9 years, respectively.

The remaining amount will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2017	\$ (1,026,146)
2018	(996,440)
2019	(595,712)
2020	1,197,744
Total	\$ (1,420,554)

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014 used the following methods and assumptions, applied to all prior periods included in the measurement:

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.65%
Investment Rate of Return	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target 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	51%	5.71%
Global debt securities	19%	2.43%
Private equity	10%	6.95%
Real estate	12%	5.13%
Inflation assets	6%	3.36%
Liquidity	2%	-1.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 11: EMPLOYEE RETIREMENT PLANS

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 (6.65%)	\$ 47,477,672
Current discount rate (7.65%)	29,170,655
1% increase (8.65%)	13,947,148

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 12: EARLY RETIREMENT AGREEMENTS

Certificated Early Retiree Option

Per the negotiated agreement with the Whittier Secondary Employee Association, the District has entered into contracts with twenty-six eligible certificated employees whereby the employee agrees to retire early and provide services for up to 20 days per year for a period not to exceed five years. In return, the District will provide compensation on a per day rate up to the maximum amount of the contract, and continue the employee's health, dental and vision benefits until they reach the age of 65. The District spent \$46,600 for these contracts in the fiscal year ended June 30, 2016. If all employees under these contracts perform all service days agreed upon, the maximum commitment to the District as of June 30, 2016 for these contracts is approximately \$68,000. The amount expected to be paid in the next fiscal year (2016-17) is \$72,000. As this commitment is contingent upon the employees providing the agreed upon service days per year, no liability has been accrued under these agreements.

Additionally, the District has offered to certain eligible employees the option of early retirement whereby the District will continue the retirees' health, dental and vision benefits for a mutually agreed period. Under these agreements, the District is obligated to continue to provide benefits without any additional performance from the retiree. As described in Note 13, the District has recognized a liability under these agreements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 12: EARLY RETIREMENT AGREEMENTS

PARS Supplementary Retirement Plan

On May 27, 2011, the Board of Trustees adopted a resolution for the implementation of an early retirement incentive for full-time certificated non-management employees.

A total of 19 full-time certificated non-management employees are participating. The District paid annual benefits of \$298,763 beginning in fiscal year ending 2012 through fiscal year ending 2016 totaling \$1,493,811.

NOTE 13: POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Eligibility

The District administrates a single-employer benefit healthcare plan (the Retiree Health Plan). Plan provisions are established through negotiations between the District and the bargaining unions representing employees. Plan provisions are negotiated each three year bargaining period. The plan does not issue a separate financial report.

The plan provides health, dental and vision benefits to all full-time and part-time certificated, administrative and classifies employees who have reached the age of 50 and retire with at least 10 years of service, however, District-paid retiree benefits begin at age 55 and terminate on the June 30th for the fiscal year during which the retiree reached age 65. Health benefits for retirees and spouses covered under AB-528 are not paid by the District. For part-time employees who were covered under the health plans prior to retirement, the District pays a pro-rata share of the cost of the coverage. For fiscal year ended 2016, the District contributed \$1,050,439 to the plan and total member contributions were \$84,675.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 13: POST EMPLOYMENT HEALTHCARE BENEFITS

Annual OPEB Cost and Net OPEB Obligation	Balance June 30, 2016
Annual required contribution (ARC)	\$ 4,627,765
Interest on net OPEB obligation	629,993
Adjustment to ARC	<u>(910,814)</u>
Annual OPEB cost	4,346,944
Contributions made, including implicit rate subsidy	<u>(1,100,137)</u>
Change in net OPEB obligation	3,246,807
Net OPEB obligation - beginning of year	<u>15,749,833</u>
Net OPEB obligation - end of year	<u><u>\$ 18,996,640</u></u>

The District's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation for fiscal year ended 2016 and the two preceding fiscal years were as follows:

Year Ending June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 3,881,348	30.9%	\$ 13,002,292
2015	3,833,500	28.3%	15,749,833
2016	4,346,944	25.3%	18,996,640

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$33,477,836. The covered payroll (annual payroll of active employees covered by the plan) was \$83,478,953, and the ratio of the UAAL to the covered payroll was 40.10%. Although the plan has no segregated assets, the District does maintain an internal service fund for retiree benefits to designate resources for retiree health care costs. At June 30, 2016, the fund's designated balance was \$16,898,985.

Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of postemployment healthcare benefits funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2016

NOTE 13: POST EMPLOYMENT HEALTHCARE BENEFITS

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 4 years for medical benefits and a rate of 4 percent for dental and vision. Both rates included a 4 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar of projected payroll on an open basis over 30 years.

NOTE 14: JOINT POWERS AGREEMENTS

The District participates in four joint powers agreement (JPA) entities: the Tri-Cities Regional Occupational Program (Tri-Cities ROP), the Pupil Transportation Cooperative (PTC), the Alliance for Schools Collective Insurance Purchasing (ASCIP) and the Schools Alliance for Workers' Compensation Excess Group Purchase (SAWCX II).

Tri-Cities ROP provides career job training for students of its member districts and is funded by ADA generated by the program.

PTC provides student transportation services for its six member school districts on a fee for services basis.

ASCIP arranges for and provides property and liability insurance for its member school districts. The District pays a premium commensurate with the level of its property values and average daily attendance.

SAWCX II provides reinsurance for workers' compensation claims above the District's self-insured limit.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 14: JOINT POWERS AGREEMENTS

Each JPA is governed by a board consisting of representatives from member districts. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationships between the Whittier Union High School District and the JPAs are such that no JPA is a component unit of the Whittier Union High School District for financial reporting purposes.

Condensed financial information is as follows:

	Tri-Cities ROP	PTC	ASCIP	SAWCX II
	Audited	Audited	Audited	Unaudited
JPA Condensed Financial Information	6/30/16	6/30/16	6/30/16	6/30/16
Total Assets & Deferred Outflows	\$ 7,336,252	\$ 11,074,316	\$ 408,305,220	\$ 14,642,241
Total Liabilities & Deferred Inflows	4,398,010	7,658,544	223,490,349	13,169,174
Net Position	\$ 2,938,242	\$ 3,415,772	\$ 184,814,871	\$ 1,473,067
Total Revenues	5,401,404	11,904,553	271,770,851	1,921,294
Total Expenses	4,809,474	12,099,157	244,523,681	1,815,920
Net Increase (Decrease) in Net Position	\$ 591,930	\$ (194,604)	\$ 27,247,170	\$ 105,374

NOTE 15: DEFICIT FUND BALANCE

The Pioneer High School Associated Student Body Fund ended the year with a \$(14,377) deficit fund balance. The negative fund balance represents vendor payables and amounts held for clubs and trust in excess of available cash and receivables.

NOTE 16: COMMITMENTS AND CONTINGENCIES

Litigation

At times, the District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 16: COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

County School Facilities Funds

The District has received state funds for modernization projects, through the Office of Public School Construction. These projects are subject to future review and audits by the State, which may result in other adjustments to the fund.

Purchase Commitments

As of June 30, 2016, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$26,970,000. Projects will be funded through bond proceeds.

**NOTE 17: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2016, that have effective dates that may impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

This statement was issued in June 2015 and extends the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. The object is to provide information about financial support provided by certain non-employer entities for pensions that are provided to the employees of other entities and that are not within the scope of Statement No. 68 and to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

**NOTE 17: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
ISSUED, NOT YET EFFECTIVE**

employers. The statement is effective for the fiscal year 2015–16 except those provisions that address employers and governmental non–employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the fiscal year 2016–17.

Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

This statement was issued in June 2015 and establishes standards of financial reporting for defined benefit OPEB plans and defined contribution OPEB plans. This statement is closely related in some areas to Statement No. 75. The statement is effective for the fiscal year 2016–17.

Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This statement was issued in June 2015 and establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. The statement also establishes requirements for reporting information about financial support provided by certain non–employer entities for OPEB that is provided to the employees of other entities. This statement is closely related in some areas to Statement No. 74. The statement is effective for the fiscal year 2017–18.

Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73

This statement was issued in March 2016 and establishes guidance in order to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirement of this Statement are effective for the fiscal year 2016-17.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2016

NOTE 18: SUBSEQUENT EVENTS

General Obligation Bonds

The District issued for sale \$65,658,679 of General Obligation Refunding Bonds (2019 Crossover Bonds) on November 1, 2016. The bonds were issued as \$6,665,000 in Current Interest Bonds and accrue interest at a rate of 3% and \$58,993,679 in Capital Appreciation Bonds with accretion rates of 1.970% to 3.320%. The bonds mature beginning August 1, 2024 with final maturity on August 1, 2034. The bonds were sold to advance refund, on the crossover date of August 1, 2019, certain outstanding maturities of the District's General Obligation Bonds, 2008 Election, Series 2009A and to pay related costs of issuance. Prior to August 1, 2019 the proceeds of the 2019 Crossover Bonds will be deposited into an escrow fund.

REQUIRED SUPPLEMENTARY INFORMATION

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2016**

	Budgetary Amounts - General Fund		Actual Amounts General Fund	(a) Fund Basis	
	Original	Final		to GAAP	Actual Amounts GAAP Basis
Revenues					
Local control funding formula sources:					
State apportionments	\$ 103,657,313	\$ 101,739,746	\$ 98,202,797	\$	\$ 98,202,797
Local sources	17,581,099	19,582,411	23,373,897		23,373,897
Total local control funding formula sources:	121,238,412	121,322,157	121,576,694	-	121,576,694
Federal sources	8,015,652	8,681,938	8,550,249		8,550,249
Other state sources	21,215,293	26,593,416	24,811,587		24,811,587
Other local sources	6,373,954	6,989,325	8,143,300	18,107	8,161,407
Total Revenues	<u>156,843,311</u>	<u>163,586,836</u>	<u>163,081,830</u>	<u>18,107</u>	<u>163,099,937</u>
Expenditures					
Certificated salaries	64,880,098	67,571,435	65,995,079		65,995,079
Classified salaries	20,626,724	22,426,967	22,426,964		22,426,964
Employee benefits	28,009,055	34,695,349	32,987,173		32,987,173
Books and supplies	7,919,328	9,073,014	7,692,168		7,692,168
Services and other operating expenditures	20,470,878	20,917,724	17,911,749	16,852	17,928,601
Capital outlay	2,542,984	1,097,559	824,440	186,673	1,011,113
Tuition and other outgo	4,456,609	7,866,348	7,713,937		7,713,937
Total Expenditures	<u>148,905,676</u>	<u>163,648,396</u>	<u>155,551,510</u>	<u>203,525</u>	<u>155,755,035</u>
Excess (deficiency) of revenues over expenditures	<u>7,937,635</u>	<u>(61,560)</u>	<u>7,530,320</u>	<u>(185,418)</u>	<u>7,344,902</u>
Other Financing Sources (Uses)					
Interfund transfers in		357,922	357,922		357,922
Interfund transfers out	(5,853,824)	(2,953,824)	(3,067,941)	1,000,000	(2,067,941)
Total Other Financing Sources (Uses)	<u>(5,853,824)</u>	<u>(2,595,902)</u>	<u>(2,710,019)</u>	<u>1,000,000</u>	<u>(1,710,019)</u>
Net change in fund balances	<u>\$ 2,083,811</u>	<u>\$ (2,657,462)</u>	4,820,301	814,582	5,634,883
Fund Balance - Beginning of Year			<u>29,082,314</u>	<u>1,578,672</u>	<u>30,660,986</u>
Fund Balance - End of Year			<u>\$ 33,902,615</u>	<u>\$ 2,393,254</u>	<u>\$ 36,295,869</u>

(a) Amounts presented are the result of the District including activity of the Deferred Maintenance Fund. Interfund activity has been eliminated. (See note 1)

See the accompanying notes to the required supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016**

	Special Education Pass-Through Fund		
	Budgeted Amounts		
	Original	Final	Actual Amounts
Revenues			
Federal sources	\$ 5,551,882	\$ 5,551,882	\$ 5,806,086
Other state sources	15,727,203	18,148,808	17,154,978
Total Revenues	<u>21,279,085</u>	<u>23,700,690</u>	<u>22,961,064</u>
Expenditures			
Tuition and other outgo	21,279,082	23,700,685	22,961,064
Total expenditures	<u>21,279,082</u>	<u>23,700,685</u>	<u>22,961,064</u>
 Change in fund balance	 <u>\$ 3</u>	 <u>\$ 5</u>	 -
 Fund Balance - Beginning of Year			 <u>-</u>
Fund Balance - End of Year			<u>\$ -</u>

See the accompanying notes to the required supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE
BENEFITS FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Entry Age Normal Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2011	\$	\$ 25,006,696	\$ 25,006,696	0%	75,655,987	33.05%
7/1/2013		31,339,277	31,339,277	0%	77,389,276	40.50%
7/1/2015		33,477,836	33,477,836	0%	83,478,953	40.10%

Although the plan has no segregated assets, the District does maintain an internal services fund for retiree benefits to designate resources for future retiree health care costs. At June 30, 2016, the fund's ending balance was \$16,898,985.

See the accompanying notes to the required supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2016**

<u>California State Teachers' Retirement System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (assets)	0.1250%	0.1340%
District's proportionate share of the net pension liability (asset)	\$ 73,046,250	\$ 90,214,160
State's proportionate share of the net pension liability (asset) associated with the District	<u>44,108,922</u>	<u>47,713,218</u>
Total	<u>\$ 117,155,172</u>	<u>\$ 137,927,378</u>
District's covered-employee payroll	\$56.7 Million	\$62.2 Million
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	128.92%	145.04%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.02%
 <u>California Public Employees' Retirement System - Schools Pool Plan</u>	 <u>2015</u>	 <u>2016</u>
District's proportion of the net pension liability (assets)	0.1903%	0.1979%
District's proportionate share of the net pension liability (asset)	<u>\$ 21,603,684</u>	<u>\$ 29,170,655</u>
District's covered-employee payroll	\$19.9 Million	\$21.9 Million
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	118.90%	133.20%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	79.43%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See the accompanying notes to the required supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

For the Fiscal Year Ended June 30, 2016

<u>California State Teachers' Retirement System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 5,526,211	\$ 7,037,231
Contributions in relation to the contractually required contribution	<u>5,526,211</u>	<u>7,037,231</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$62.2 Million	\$65.6 Million
Contributions as a percentage of covered-employee payroll	8.88%	10.73%
<u>California Public Employees' Retirement System - Schools Pool Plan</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 2,583,381	\$ 2,761,367
Contributions in relation to the contractually required contribution	<u>2,583,381</u>	<u>2,761,367</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$21.9 Million	\$23.3 Million
Contributions as a percentage of covered-employee payroll	11.771%	11.847%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison For The General Fund and Major Special Revenue Fund

A budgetary comparison is presented for the general fund and for any major special revenue fund that has a legally adopted annual budget. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

Schedule of Postemployment Healthcare Benefits Funding Progress

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedules of District's Proportionate Share of the Net Pension Liability – STRS-STRP and PERS – Schools Pool Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedules of District Contributions – STRS-STRP and PERS – Schools Pool Plan

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of expenditures over appropriations in the General Fund or Major Special Revenue Fund.

SUPPLEMENTARY INFORMATION

WHITTIER UNION HIGH SCHOOL DISTRICT

HISTORY AND ORGANIZATION For the Fiscal Year Ended June 30, 2016

Whittier Union High School District was established in 1903. The District serves five elementary districts and is comprised of an area of approximately 41.65 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is currently operating five high schools, one continuation high school, an independent study school and the Whittier Adult School.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2016 were as follows:

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Leighton Anderson	President	December 2017
Mr. Tim Schneider	Vice President	December 2017
Dr. Ralph Pacheco	Clerk	December 2019
Mr. Russel Casteñeda Calleros	Member	December 2019
Mr. Jeff Barid	Member	December 2017

DISTRICT ADMINISTRATORS

Mrs. Sandra Thorstenson	Superintendent
Mr. Martin Plourde	Assistant Superintendent, Business Services
Mr. Loring Davies	Assistant Superintendent, Educational Services
Mr. Richard Russell	Assistant Superintendent, Personnel Services

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2016**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2016 are as follows:

	Revised	
	<u>Second Period</u>	<u>Annual</u>
Grades nine through twelve:		
Regular ADA	11,850	11,785
Extended year special education	55	55
Special education - nonpublic, nonsectarian schools	60	58
Extended year special education - nonpublic, nonsectarian schools	<u>5</u>	<u>6</u>
 Total grades nine through twelve ADA	 <u>11,970</u>	 <u>11,904</u>

See the accompanying notes to the supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2016**

<u>Grade Level</u>	<u>Minute Requirement</u>	<u>Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	64,800	69,435	180	In Compliance
Grade 10	64,800	69,435	180	In Compliance
Grade 11	64,800	69,435	180	In Compliance
Grade 12	64,800	69,435	180	In Compliance

See the accompanying notes to the supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016**

Program Name	Pass-Through		Total Program Expenditures
	Federal Catalog Number	Entity Identifying Number	
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13523	\$ 2,394,375
School Breakfast Program	10.553	13526	1,128,188
Meal Supplements	10.553	(1)	34,947
Child Nutrition Summer Food Program	10.559	13396	55,636
Food Distribution-Commodities	10.555	(1)	<u>238,113</u>
Total: Child Nutrition Cluster			<u>3,851,259</u>
Total: United States Department of Agriculture			<u>3,851,259</u>
United States Department of Education			
Pass-Through Program From California Department of Education:			
Special Education Cluster:			
Special Education (PL 94-142)	84.027	13379	7,957,748
Special Education: IDEA Preschool Grants, Part B, Section 619	84.173	13430	403,119
Special Education: IDEA Preschool Grants, Part B, Section 611	84.027A	13682	775,062
Special Education: IDEA Mental Health Services, Part B, Section 611	84.027A	14468	577,577
Special Education: IDEA Preschool Staff Development, Part B, Section 619	84.173A	13431	<u>2,334</u>
Total: Special Education Cluster:			9,715,840
Mental Health Transition Services	84.027	01110	527,667
Special Education: IDEA Early Intervention Grants, Part C	84.181	23761	196,266
Every Student Succeeds Act:			
Title I, Part A - Low Income and Neglected	84.010	03797	2,141,375
Title II, Part A - Improving Teacher Quality	84.367	14341	275,127
Title III - Limited English Proficiency	84.365	10084	136,369
Adult Basic Education:			
Adult Basic Education and English as a Second Language	84.002	14508	196,421
Adult Secondary Education	84.002	13978	144,672
Literacy and Civics	84.002A	14109	65,116
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048A	14893	35,000
Carl D. Perkins Career and Technical Education: Adult, Section 131	84.048	14894	<u>279,143</u>
Total passed through the California Department of Education			<u>13,712,996</u>

See the accompanying notes to the supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016**

Pass-Through the California Department of Rehabilitation:			
Workability II - Transition Partnership Program	84.126A	10006	<u>614,867</u>
Total passed through the California Department of Rehabilitation			<u>614,867</u>
Total United States Department of Education			<u>14,327,863</u>

United States Department of Health and Human Services

Pass-Through Program From California Department of Education:			
Medi-Cal Assistance Program	93.778	10013	<u>323,976</u>
Total Federal Programs			<u><u>\$ 18,503,098</u></u>

Reconciliation to Federal Revenue

Total Federal Program Expenditures			\$ 18,503,098
Revenues in excess of expenditures related to Federal Entitlements:			
Medi-Cal Administrative Activities (MAA)	93.778	10060	<u>145,705</u>
Total Federal Program Revenue			<u><u>\$ 18,648,803</u></u>

Of the federal expenditures presented in the schedule, Whittier Union High School District passed through federal awards to member districts of the Whittier Area Cooperative Special Education Program (WACSEP) as follows:

Special Education (PL 94-142)	84.027	13379	<u>\$ 5,806,086</u>
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The District is the recipient of a federal program that does not result in cash receipts or disbursements. The District was granted \$238,113 of commodities under the National School Lunch Program (CFDA 10.555).

(1) Pass-Through Entity Identifying Number not readily available or not applicable

WHITTIER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30,

	<u>2017 (Budgeted)</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>
Total revenues	\$ 142,360,542	\$ 152,842,139	\$ 133,578,100	\$ 122,651,280
Total expenditures	(142,681,398)	(143,977,858)	(134,185,753)	(115,900,887)
Total other sources		357,922	192,360	
Total other uses	<u>(2,953,824)</u>	<u>(3,067,941)</u>	<u>(6,259,241)</u>	<u>(7,607,582)</u>
Change in fund balance	(3,274,680)	6,154,262	(6,674,534)	(857,189)
Ending fund balance	<u>\$ 27,090,765</u>	<u>\$ 30,365,445</u>	<u>\$ 24,211,183</u>	<u>\$ 30,885,717</u>
Available reserve	<u>\$ 11,020,358</u>	<u>\$ 10,137,142</u>	<u>\$ 14,183,759</u>	<u>\$ 17,975,677</u>
Available reserve %	7.6%	6.9%	10.1%	14.6%
ADA	<u>11,647</u>	<u>11,970</u>	<u>12,347</u>	<u>12,583</u>
Total long term debt	<u>\$ 295,706,093</u>	<u>\$ 305,368,091</u>	<u>\$ 270,304,444</u>	<u>\$ 175,098,621</u>

Amounts above are reported as General Fund in the State accounting software, less WACSEP administrative activities and do not include Special Revenue funds reported in the General Fund according to GASB 54.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends 3% of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2016, the District has met this requirement.

Average daily attendance excludes Adult Education and ROP.

2017 budget is the original budget, adopted on June 21, 2016.

* In 2015, the District adopted GASB Statement No. 68 and No. 71 which resulted in the recognition of the net position liability. In addition, state on-behalf payments were recorded to revenues and expenses. 2014 has not been restated to reflect these changes.

See the accompanying notes to the supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2016**

The District is not the granting agency for any Charter Schools.

See the accompanying notes to the supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT WITH
THE AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

There is no differences between the fund balances reported on the June 30, 2016 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

See the accompanying notes to the supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

NOTES TO THE SUPPLEMENTARY INFORMATION For the Fiscal Year Ended June 30, 2016

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance 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 not met or exceeded its target funding and has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the 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 operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Schedule of Financial Trends and Analysis

The 2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016**

NOTE 1: PURPOSE OF SCHEDULES

Reporting requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

Schedule of Charter Schools

The *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all the charter schools chartered by the District and inform the users whether or not Charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

WHITTIER UNION HIGH SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2016

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	Total Non-Major Governmental Funds
<u>Assets</u>						
Cash in county treasury	\$ 328,072	\$	\$	\$ 2,683,722	\$ 8,830,764	\$ 11,842,558
Cash in bank			417,177			417,177
Cash in revolving fund			2,903			2,903
Accounts receivable	659,725		212,381	214,099	29,463	1,115,668
Inventories			104,570			104,570
Total Assets	\$ 987,797	\$ -	\$ 737,031	\$ 2,897,821	\$ 8,860,227	\$ 13,482,876
 <u>Liabilities and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 407,414	\$	\$ 36,301	\$ 247,513	\$ 369,992	\$ 1,061,220
Due to other funds			593,257			593,257
Total Liabilities	407,414	-	629,558	247,513	369,992	1,654,477
 Fund Balances						
Nonspendable			107,473			107,473
Restricted	324,734			2,650,308	8,490,235	11,465,277
Assigned	255,649					255,649
Total Fund Balances	580,383	-	107,473	2,650,308	8,490,235	11,828,399
Total Liabilities and Fund Balances	\$ 987,797	\$ -	\$ 737,031	\$ 2,897,821	\$ 8,860,227	\$ 13,482,876

See the accompanying notes to the optional supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2016

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	\$ 441,209	\$	\$ 3,851,259	\$	\$	\$ 4,292,468
Other state sources	3,080,226		283,360			3,363,586
Other local sources	205,784		1,203,305	463,061	70,947	1,943,097
Total Revenues	<u>3,727,219</u>	<u>-</u>	<u>5,337,924</u>	<u>463,061</u>	<u>70,947</u>	<u>9,599,151</u>
Expenditures						
Instruction	2,227,997					2,227,997
Instruction - related services	659,096					659,096
Pupil services	200,900		6,536,543			6,737,443
Plant services	58,843			538,988	3,377,907	3,975,738
Total Expenditures	<u>3,146,836</u>	<u>-</u>	<u>6,536,543</u>	<u>538,988</u>	<u>3,377,907</u>	<u>13,600,274</u>
Excess (deficiency) of revenues over expenditures	<u>580,383</u>	<u>-</u>	<u>(1,198,619)</u>	<u>(75,927)</u>	<u>(3,306,960)</u>	<u>(4,001,123)</u>
Other Financing Sources (Uses)						
Interfund transfers in			567,941		4,664,801	5,232,742
Interfund transfers out	(4,664,801)	(357,922)				(5,022,723)
Total Other Financing Sources (Uses)	<u>(4,664,801)</u>	<u>(357,922)</u>	<u>567,941</u>	<u>-</u>	<u>4,664,801</u>	<u>210,019</u>
Net changes in fund balance	(4,084,418)	(357,922)	(630,678)	(75,927)	1,357,841	(3,791,104)
Fund Balances at Beginning of Year	<u>4,664,801</u>	<u>357,922</u>	<u>738,151</u>	<u>2,726,235</u>	<u>7,132,394</u>	<u>15,619,503</u>
Fund Balances at End of Year	<u>\$ 580,383</u>	<u>\$ -</u>	<u>\$ 107,473</u>	<u>\$ 2,650,308</u>	<u>\$ 8,490,235</u>	<u>\$ 11,828,399</u>

See the accompanying notes to the optional supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2016

	California High School	La Serna High School	Pioneer High School	Santa Fe High School	Whittier High School	Whittier Adult School	Sierra Vista High School	Frontier High School	Total Associated Student Body Funds
<u>Assets</u>									
Cash on hand and in banks	\$ 637,508	\$ 294,762	\$ 173,928	\$ 423,437	\$ 149,290	\$ 6,368	\$ 2,037	\$ 7,010	\$ 1,694,340
Accounts receivable	932		2,472						3,404
Total Assets	<u>638,440</u>	<u>294,762</u>	<u>176,400</u>	<u>423,437</u>	<u>149,290</u>	<u>6,368</u>	<u>2,037</u>	<u>7,010</u>	<u>1,697,744</u>
<u>Liabilities</u>									
Accounts payable			43,902		3,322	1,731			48,955
Unearned revenue		39,089							39,089
Funds held in trust	394,762	33,661	146,875	219,153	126,268	1,533			922,252
Total Liabilities	<u>394,762</u>	<u>72,750</u>	<u>190,777</u>	<u>219,153</u>	<u>129,590</u>	<u>3,264</u>	<u>-</u>	<u>-</u>	<u>1,010,296</u>
<u>Net Position</u>									
Unrestricted	<u>243,678</u>	<u>222,012</u>	<u>(14,377)</u>	<u>204,284</u>	<u>19,700</u>	<u>3,104</u>	<u>2,037</u>	<u>7,010</u>	<u>687,448</u>
Total Net Position	<u>\$ 243,678</u>	<u>\$ 222,012</u>	<u>\$ (14,377)</u>	<u>\$ 204,284</u>	<u>\$ 19,700</u>	<u>\$ 3,104</u>	<u>\$ 2,037</u>	<u>\$ 7,010</u>	<u>\$ 687,448</u>

See the accompanying notes to the optional supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Fiscal Year Ended June 30, 2016

	California High School	La Serna High School	Pioneer High School	Santa Fe High School	Whittier High School	Whittier Adult School	Sierra Vista High School	Frontier High School	Total Associated Student Body Funds
Additions									
Athletics	\$ 45,460	\$ 103,548	\$ 45,805	\$ 42,814	\$ 43,650	\$	\$	\$	\$ 281,277
Student body cards	44,242	42,345	16,336	40,390	40,708				184,021
Physical education clothes	14,647	14,124	2,767	6,998	7,627				46,163
Yearbook	63,894	129,601	18,020	52,565	35,505				299,585
Social activities	90,817	56,543	41,038	118,761	91,649		800		399,608
Special events	37,130	22,117		25,302	65,394		188		150,131
Cap and gown	30,900	22,792			20,262				73,954
Interest	1,520	3,581	14	335	23				5,473
Other revenues	29,188	30,365		7,356	5,425	5,383	2,588	5,243	85,548
Total Additions	<u>357,798</u>	<u>425,016</u>	<u>123,980</u>	<u>294,521</u>	<u>310,243</u>	<u>5,383</u>	<u>2,588</u>	<u>6,231</u>	<u>1,525,760</u>
Deductions									
Athletics	57,764	94,477	59,596	33,622	101,830				347,289
Awards/scholarship					2,188				2,188
Student body cards	7,473	5,362	683		682				14,200
Physical education clothes	5,248	16,825		4,724	4,207				31,004
Yearbook	19,800	77,318	18,020	41,739	33,215				190,092
Social activities	104,035	59,495	43,523	72,604	85,942		2,934		368,533
Special events	33,607	38,391		39,589	71,569				183,156
Cap and gown	14,680	8,573			981				24,234
Bank fees	1,962			3,298	522				5,782
Other expenditures	52,066	72,024	41,128	42,303	21,583	3,125	2,137	2,033	236,399
Total Deductions	<u>296,635</u>	<u>372,465</u>	<u>162,950</u>	<u>237,879</u>	<u>322,719</u>	<u>3,125</u>	<u>2,137</u>	<u>4,967</u>	<u>1,402,877</u>
Changes in net position	61,163	52,551	(38,970)	56,642	(12,476)	2,258	451	1,264	122,883
Net Position - Beginning of Year	<u>182,515</u>	<u>169,461</u>	<u>24,593</u>	<u>147,642</u>	<u>32,176</u>	<u>846</u>	<u>1,586</u>	<u>5,746</u>	<u>564,565</u>
Net Position - End of Year	<u>\$ 243,678</u>	<u>\$ 222,012</u>	<u>\$ (14,377)</u>	<u>\$ 204,284</u>	<u>\$ 19,700</u>	<u>\$ 3,104</u>	<u>\$ 2,037</u>	<u>\$ 7,010</u>	<u>\$ 687,448</u>

See the accompanying notes to the optional supplementary information.

WHITTIER UNION HIGH SCHOOL DISTRICT

**NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016**

NOTE 1: PURPOSE OF SCHEDULES

Combining Fund Financial Statements

Combining fund balance sheets and statements of revenues, expenditures and changes in fund balance, as well as the combining statement of fiduciary net position and statement of changes in fiduciary net position, have been presented for the non-major governmental and fiduciary funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements

OTHER INDEPENDENT AUDITOR'S REPORT

**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***

Board of Trustees
Whittier Union High School District
Whittier, 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 Whittier Union High School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2016.

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 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.

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 non-compliance 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.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 7, 2016



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

Board of Trustees
Whittier Union High School District
Whittier, California

Report on Compliance for Each Major Federal Program

We have audited Whittier Union High School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2016. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

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

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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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, 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.

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

Purpose of this Report

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.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 7, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Whittier Union High School District
Whittier, California

We have audited the Whittier Union High School District's (the District) compliance with the types of compliance requirements described in the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2016. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. 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 *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

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

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Educator Effectiveness	Yes
California Clean Energy Act	No ¹
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Charter Schools:	
Attendance	No ²
Mode of Instruction	No ²
Nonclassroom Based Instruction/Independent Study	No ²
Determination of Funding for Nonclassroom Based Instruction	No ²
Annual Instructional Minutes – Classroom Based	No ²
Charter School Facility Grant Program	No ²

¹Testing was not performed because California Clean Energy Jobs Act, funds were not spent during the audit year.

²The District is not the granting agency for any Charter Schools.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2016.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
December 7, 2016

FINDINGS AND QUESTIONED COSTS

WHITTIER UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Federal Programs:

CFDA Number(s) Name of Federal Program or Cluster
10.553, 10.555, 10.559 Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X Yes No

WHITTIER UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

All audit findings must be identified as one or more of the following twelve categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the year ended June 30, 2016.

WHITTIER UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the year ended June 30, 2015.

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)

WHITTIER UNION HIGH SCHOOL DISTRICT

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)

June 30, 2016

Assessed valuation for fiscal year 2015-16	\$20,373,074,338	(2)
Secured tax levies for fiscal year 2015-16	\$16,299,160	(1)
Secured tax collections for fiscal year 2015-16	\$15,727,779	(1)
Secured tax delinquency for fiscal year 2015-16	\$571,381	(1)
Secured tax collections for fiscal year 2015-16 as a percent of the total levy	96.49%	(1)

Largest 2015-16 Local Secured Taxpayers (2)

Property owner	Primary Land Use	2015-16 Assessed Valuation	% of Total (3)
1 Breitburn Operating LP	Mineral Rights	\$ 315,083,750	1.55%
2 Cole Mt. Whittier CA LP	Shopping Center	139,519,570	0.68
3 Rose Hills Inc.	Cemetery	126,950,561	0.62
4 AMB US Logistics Fund LP	Industrial	114,281,689	0.56
5 Legacy Partners II Santa Fe Springs LLC	Office Building	88,271,608	0.43
6 McMaster Carr Supply Company	Industrial	76,793,914	0.38
7 RR and C Development Company	Industrial	66,231,495	0.33
8 Teachers Insurance and Annuity Association of America	Industrial	64,437,803	0.32
9 Q4G Properties LP, Lessor	Industrial	62,066,063	0.30
10 GMS Five LLC	Shopping Center	60,935,190	0.30
11 Gateway Santa Fe Springs Industrial LLC	Industrial	60,000,000	0.29
12 KTR South Bay II LLC	Industrial	53,112,793	0.26
13 McKesson Property Company Inc.	Industrial	46,363,490	0.23
14 Gateway Pointe Investors LLC	Industrial	46,359,731	0.23
15 Whittier Marketplace LP	Shopping Center	42,674,959	0.21
16 Catellus Development Corp.	Industrial	42,640,189	0.21
17 Maruichi American Corp.	Industrial	40,751,939	0.20
18 Centro Watt Property Owner II LLC	Shopping Center	40,081,767	0.20
19 Redlands Joint Venture LLC	Office Building	36,298,327	0.18
20 Carmenita Plaza LLC	Shopping Center	36,077,257	0.18
		<u>\$ 1,558,932,095</u>	<u>7.65%</u>

(1) Information obtained from the Los Angeles County Auditor-Controller's Office

(2) Information obtained from California Municipal Statistics

(3) % of local assessed valuation : \$20,373,074,338