

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

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
INCLUDING REPORTS ON COMPLIANCE  
June 30, 2017**

**WHITTIER UNION HIGH SCHOOL DISTRICT**

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## INDEPENDENT AUDITORS' 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, 2017, 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

# INDEPENDENT AUDITORS' REPORT

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, 2017, 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 postemployment healthcare benefits funding progress, schedule of the District's proportionate share of the net pension liability, and schedule of District pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules, combining non-major fund financial statements, the continuing disclosure information and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## INDEPENDENT AUDITORS' REPORT

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 supplementary section, including the schedule of expenditures of federal awards, and the combining non-major fund financial statements 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 8, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



CliftonLarsonAllen LLP  
Glendora, California  
December 8, 2017

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**Introduction**

The following discussion and analysis provides an overview of the financial position and activities of the District for the year ended June 30, 2017. 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 2016-17 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.

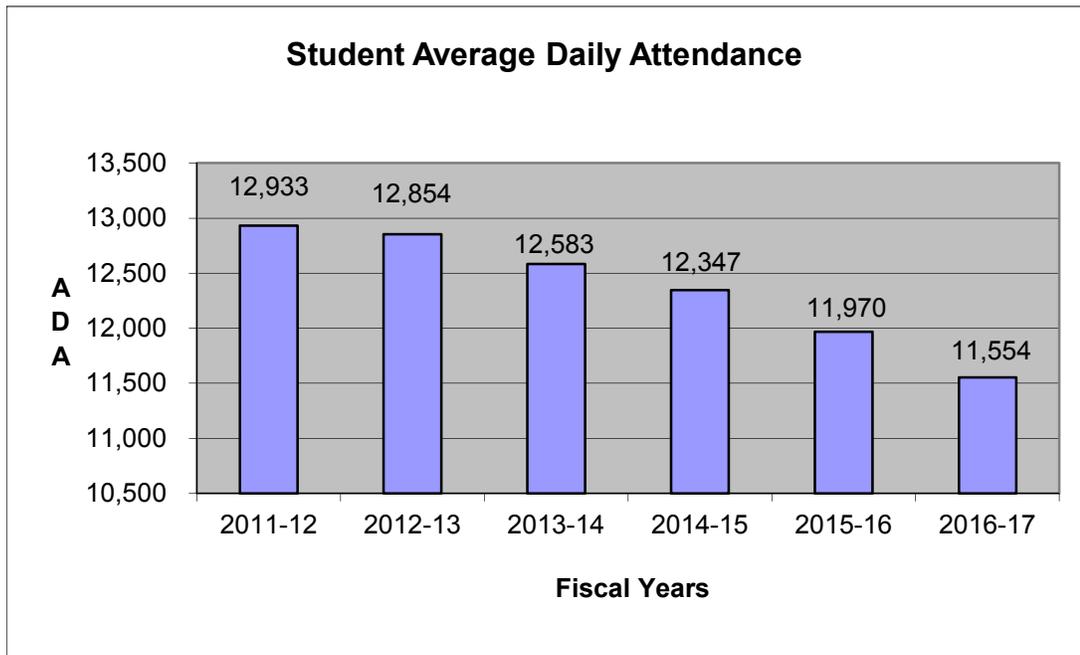
**Financial Highlights**

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 2016-17 is the third year of LCFF funding. The gap funding was \$5.80 million and declining enrollment was negative \$3.50 million, with an overall of \$1.6 million increase in revenue.
  
- In 2016-17 revenue for the government–wide activities was \$756 thousand more than expenses. The District had overall revenue of \$201 million. In 2015-16 the District had overall revenues of \$207 million with government–wide activities being \$6.2 million more than revenues due in part to decrease in gap funding.

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

- Construction in progress was \$4.1 million in 2016-17. This is due to reduced project activity as we come to the end of our Measure W capital campaign. The District is making progress on all sites, and is moving forward with Bond Measure W projects.
- 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. The District has been contributing funds into a Self-Insurance Fund for the past 18 years and has accumulated \$18.5 million 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 four years with fluctuations that range from less than one percent to two percent, which was indicated by our partner elementary districts as they have been decreasing in the last six years. The 2016-17 year decreased by 416 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:



**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**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 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.

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**Fund Financial Statements (continued)**

**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).

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 Education.

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

The Statement of Net Position as of June 30, 2016 and 2017 are summarized below:

	<u>2016</u>	<u>2017</u>
<b>Assets</b>		
Cash	\$ 112,400,724	\$ 109,788,768
Cash with fiscal agent	68,450	68,450
Investments with refunding escrow agent		65,675,143
Accounts receivable	16,651,929	18,025,331
Stores inventory	220,242	219,337
Prepaid expenditures	34,048	144,089
Capital assets, net	<u>215,201,986</u>	<u>216,343,645</u>
<b>Total Assets</b>	<u>344,577,379</u>	<u>410,264,763</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pensions	<u>17,648,767</u>	<u>32,657,677</u>
<b>Total Deferred Outflows of Resources</b>	<u>17,648,767</u>	<u>32,657,677</u>
<b>Liabilities</b>		
Liabilities - current	46,759,558	48,225,754
Long-term debt - non-current	<u>295,706,093</u>	<u>380,762,335</u>
<b>Total Liabilities</b>	<u>342,465,651</u>	<u>428,988,089</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources - refunding bond	6,783,097	5,814,083
Deferred inflows of resources - pensions	<u>12,514,060</u>	<u>7,336,440</u>
<b>Total Deferred Inflows of Resources</b>	<u>19,297,157</u>	<u>13,150,523</u>
<b>Net Position</b>		
Net investment in capital assets	59,125,913	64,091,862
Restricted	26,857,042	21,000,315
Unrestricted	<u>(85,519,617)</u>	<u>(84,308,349)</u>
<b>Total Net Position</b>	<u>\$ 463,338</u>	<u>\$ 783,828</u>

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

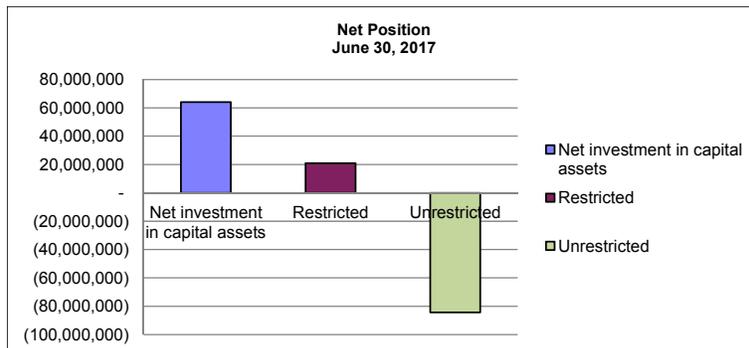
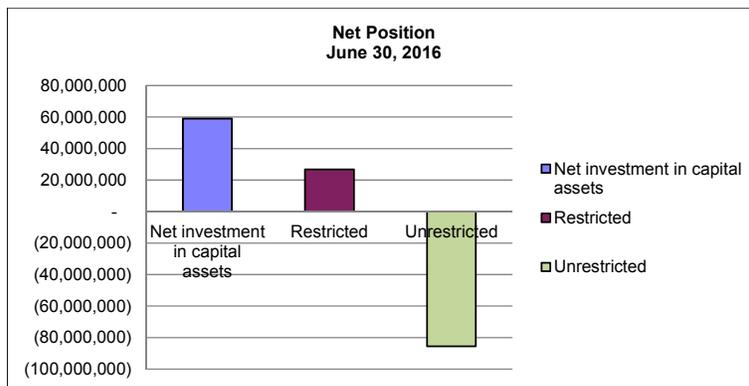
Cash is explained in the notes to the financial statements and is invested with the Los Angeles County Treasury to maximize interest income.

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 increased amount of approximately \$1.3 million is due to the receipt of Prop 39 Clean Energy revenue.

The capital assets of the District have a net increase of approximately \$1.1 million as a result of ongoing and completed projects. Work has slowed significantly as we are substantially finished with most of our Measure W projects.

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**  
**June 30, 2017**

**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, 2016-2017 are summarized below:

	<u>2016</u>	<u>2017</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,265,012	\$ 1,101,304
Operating grants and contributions	56,227,433	58,672,325
Capital grants and contributions		
General revenues:		
Property taxes	35,005,469	40,835,135
Grants, subsidies and contributions unrestricted	111,027,989	103,443,775
Interest and investment earnings	394,654	228,032
Special item - loss on sale of capital assets	(494,516)	
Other	3,674,449	1,820,688
Total revenues	<u>207,100,490</u>	<u>206,101,259</u>
 <b>Expenses</b>		
Instruction	97,591,006	100,732,204
Instruction-related services	15,676,938	16,516,851
Pupil services	23,384,104	24,311,756
Ancillary services	463,120	409,635
Community services	400,129	224,455
General administration	8,840,237	8,926,182
Plant services	18,602,642	15,728,786
Other outgo	32,508,033	24,272,410
Debt service - interest	7,692,114	5,799,091
Depreciation (unallocated)	8,221,011	8,859,399
Total expenses	<u>213,379,334</u>	<u>205,780,769</u>
 <b>Increase (decrease) in net position</b>	 (6,278,844)	 320,490
 <b>Net Position, beginning of year</b>	 <u>6,742,182</u>	 <u>463,338</u>
 <b>Net Position, end of year</b>	 <u>\$ 463,338</u>	 <u>\$ 783,828</u>

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**Statement of Revenues, Expenses, and Changes in Net Position (continued)**

Total revenues decreased by \$6.463 million. This is due in drop in ADA of 416.

Total expenses decreased by \$13.1 million primarily due to a slowdown in Measure W construction.

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.

**Governmental Activities**  
**For the Fiscal Year**

<u>Functions/Programs</u>	<u>2016</u>		<u>2017</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	\$ 97,591,006	\$ 71,765,900	\$ 100,732,204	\$ 70,699,149
Instruction related services	15,676,938	11,140,685	16,516,851	11,905,291
Pupil services	23,384,104	14,807,483	24,311,756	15,552,163
Ancillary services	463,120	463,120	409,635	409,635
Community services	400,129	393,819	224,455	219,355
General administration	8,840,237	8,393,542	8,926,182	8,485,961
Plant services	18,602,642	18,227,107	15,728,786	15,469,420
Other outgo and debt service	40,200,147	22,474,222	30,071,501	14,406,767
Depreciation (unallocated)	8,221,011	8,221,011	8,859,399	8,859,399
Total governmental activities	<u>\$ 213,379,334</u>	<u>\$ 155,886,889</u>	<u>\$ 205,780,769</u>	<u>\$ 146,007,140</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**  
**June 30, 2017**

**Governmental Funds (continued)**

Figure 2

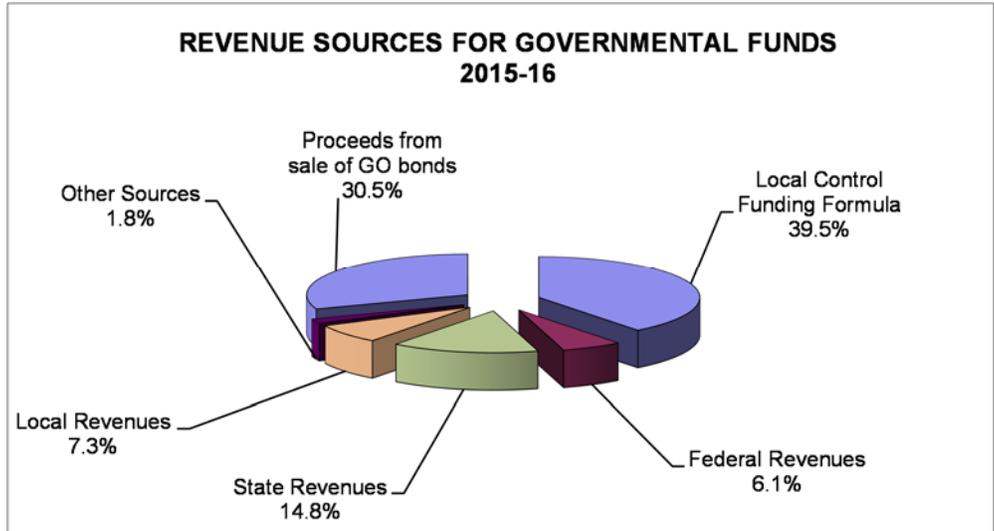
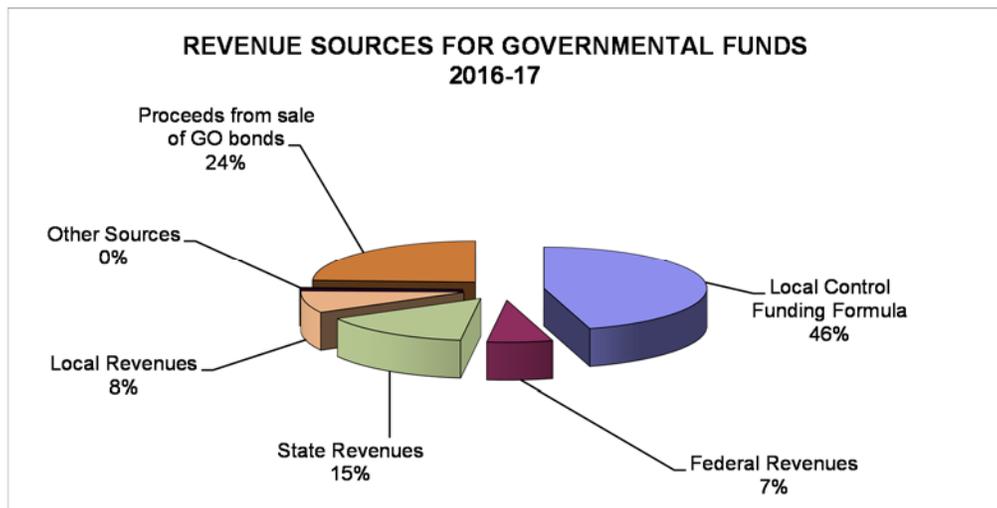


Figure 3



**WHITTIER UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

**Governmental Funds (continued)**

Figure 4

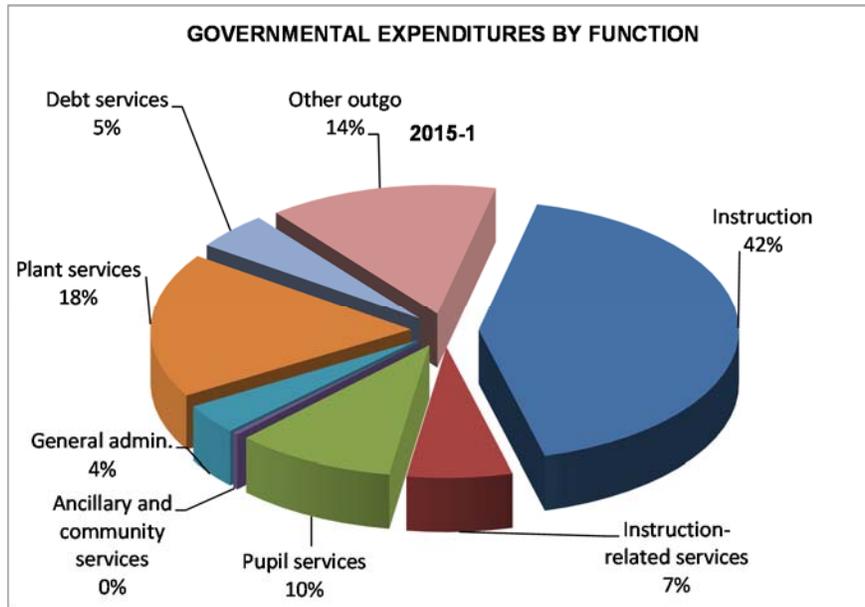
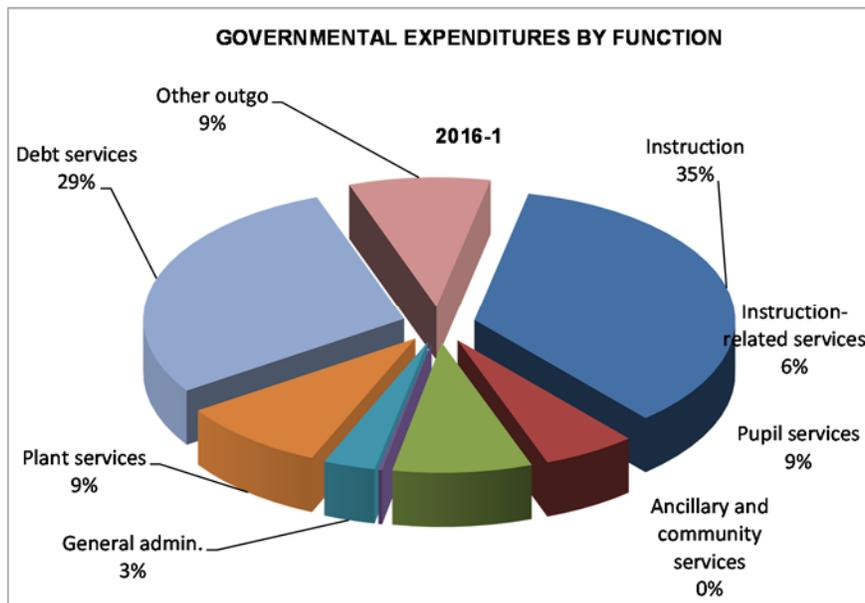


Figure 5



**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**Governmental Funds (continued)**

- The largest expenditure of the District's General Fund is the salary and benefit cost. The District expended approximately 78% of the total general fund income, 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 2016-17. The number of plan participants remained relatively the same. The District made a contribution to the Health Fund of \$4 million due to increase in claims and administration and increased its employer contribution per employee commensurate with actual costs. It is our hope that these additional measures will 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 1% on the education pool for the fiscal year ending June 30, 2017.
- 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.

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**Capital Asset and Debt Administration (continued)**

As of June 30, 2016, the District had \$215,201,986 invested in net capital assets, primarily related to school construction and other capital improvements. This has increased to \$216,343,645 as of June 30, 2017. Progress on our construction projects has slowed significantly this year, with a modest increase of our net capital assets by \$1,141,659.

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

	<u>2016</u>	<u>2017</u>
Land	\$ 1,384,535	\$ 1,384,535
Construction in progress	22,211,786	4,104,917
Site improvements, net	16,844,332	16,302,659
Building and improvements, net	172,384,504	192,685,655
Furniture and equipment, net	<u>2,376,829</u>	<u>1,865,879</u>
Net capital assets	<u>\$ 215,201,986</u>	<u>\$ 216,343,645</u>

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**Capital Asset and Debt Administration (continued)**

**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>2016</u>	<u>2017</u>
General obligation bonds	\$ 165,735,475	\$ 224,643,615
Compensated absences	1,251,161	1,318,256
Net pension liability	119,384,815	143,362,612
Other postemployment benefits other than pensions (OPEB)	<u>18,996,640</u>	<u>21,770,751</u>
Net long-term debt	<u>\$ 305,368,091</u>	<u>\$ 391,095,234</u>

Long-term debt has increased by \$85.7 million due to the inclusion of the pension liability to the financial statements as required by GASB No. 68, for the rise in OPEB, and for increases in accreted interest on bonds offsetting the reduction to other components of the long-term debt. 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 \$18.5 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 53.

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.

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**General Fund Budget (continued)**

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 2016-17 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 \$8,712, which includes 0% COLA. From the most recent budget information provided by LACOE, the District anticipates an increase of \$3.4 million in LCFF in 2017-18. This is derived from the base grant budgeted at \$8,801, GAP funding projected to be 43.19%, and an increase in our unduplicated count to just over 72%. 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 and continue to reduce staffing commensurate to the decline in enrollment.

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

***Projected Student Average Daily Attendance*** – District ADA is projected to decline in the 2017-18 school year. Student ADA from the CBEDS report is projected at 11,274 including 10,579 regular student ADA, and 695 Special Education student ADA. In the most recent year, 2016-17, ADA decreased 3.5% or 416 students less than 2015-16.

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	(0.11%)
2010–11 (actual)	12,894	0.53%
2011–12 (actual)	12,933	0.31%
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	(3.05%)
2016-17 (actual)	11,554	(3.47%)

***Lottery*** – Lottery income for years 2016-17 and 2017-18 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 \$189 per ADA for 2016-17. The estimate for the 2017-18 fiscal year is \$194 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 2017-18. Based on current estimates, the General Fund contribution in support of various Special Education programs in 2017-18 will be approximately \$16.5 million.

***Ending Fund Balance Projection*** – The District’s 2016-17 ending fund balance and projected 2017-18 ending fund balance are projected to meet the required 3% contingency reserve requirement.

**WHITTIER UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**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, 2017

	Governmental Activities
<b><u>Assets</u></b>	
Cash in county treasury	\$ 109,320,280
Cash on hand and in banks	411,713
Cash in revolving fund	56,775
Cash with fiscal agent	68,450
Investments with refunding escrow agent	65,675,143
Accounts receivable	18,025,331
Inventories	219,337
Prepaid expenses	144,089
Land	1,384,535
Construction in progress	4,104,917
Depreciable assets, net	<u>210,854,193</u>
<b>Total Assets</b>	<b><u>410,264,763</u></b>
 <b><u>Deferred Outflows of Resources</u></b>	
Deferred outflows - pensions	<u>32,657,677</u>
 <b><u>Liabilities</u></b>	
Accounts payable and other current liabilities	27,254,122
Accrued interest	1,748,553
Unearned revenue	266,379
Estimated liability for open claims and incurred but not reported (IBNR)	8,623,801
Current portion of long-term liabilities	
General obligation bonds payable	10,220,000
Compensated absences	112,899
Non-current portion of long term liabilities	
General obligation bonds payable	214,423,615
Compensated absences	1,205,357
Net pension liability	143,362,612
Other postemployment benefits other than pensions (OPEB)	<u>21,770,751</u>
<b>Total Liabilities</b>	<b><u>428,988,089</u></b>
 <b><u>Deferred Inflows of Resources</u></b>	
Deferred inflows - refunding bond	5,814,083
Deferred inflows - pensions	<u>7,336,440</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>13,150,523</u></b>
 <b><u>Net Position</u></b>	
Net investment in capital assets	64,091,862
Restricted for:	
Debt service	5,604,438
Capital projects	4,859,830
Educational programs	10,266,396
Other purposes	269,651
Unrestricted	<u>(84,308,349)</u>
<b>Total Net Position</b>	<b><u>\$ 783,828</u></b>

See accompanying notes to the financial statements.

# WHITTIER UNION HIGH SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2017

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction	\$ 100,732,204	\$ 55,823	\$ 29,977,232	\$ (70,699,149)
Instruction - related services	16,516,851	19,737	4,591,823	(11,905,291)
Pupil services	24,311,756	1,013,295	7,746,298	(15,552,163)
Ancillary services	409,635			(409,635)
Community services	224,455		5,100	(219,355)
General administration	8,926,182	5,868	434,353	(8,485,961)
Plant services	15,728,786	6,581	252,785	(15,469,420)
Other outgo	24,272,410		15,664,734	(8,607,676)
Debt service - interest	5,799,091			(5,799,091)
Depreciation (unallocated)	8,859,399			(8,859,399)
<b>Total Governmental Activities</b>	<b>\$ 205,780,769</b>	<b>\$ 1,101,304</b>	<b>\$ 58,672,325</b>	<b>(146,007,140)</b>
 <b>General Revenues</b>				
Property taxes levied for				
General purposes				26,640,168
Debt service				13,458,662
Other specific purposes				736,305
Federal and state aid not restricted to specific purposes				103,443,775
Interest and investment earnings				228,032
Miscellaneous				1,820,688
<b>Total General Revenues</b>				<b>146,327,630</b>
				Change in net position 320,490
				Net Position - Beginning of Year 463,338
				Net Position - End of Year <b>\$ 783,828</b>

See accompanying notes to the financial statements.

# WHITTIER UNION HIGH SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Building Fund	Special Education Pass-Through Fund	Bond Interest and Redemption Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash in county treasury	\$ 45,615,730	\$ 8,200,677	\$ 2,055	\$ 13,167,074	\$	\$ 5,906,770	\$ 72,892,306
Cash on hand and in banks						91,713	91,713
Cash in revolving fund	50,000					6,775	56,775
Cash with fiscal agent	50,000						50,000
Investments with refunding escrow agent					65,675,143		65,675,143
Accounts receivable	8,899,345	42,656	7,260,172			1,116,272	17,318,445
Due from other funds	617,742						617,742
Inventories	117,389					101,948	219,337
Prepaid expenditures	144,089						144,089
<b>Total Assets</b>	<u>\$ 55,494,295</u>	<u>\$ 8,243,333</u>	<u>\$ 7,262,227</u>	<u>\$ 13,167,074</u>	<u>\$ 65,675,143</u>	<u>\$ 7,223,478</u>	<u>\$ 157,065,550</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 17,284,898	\$ 1,526,644	\$ 7,261,192	\$	\$	\$ 1,014,383	\$ 27,087,117
Due to other funds						617,742	617,742
Unearned revenue	266,379						266,379
<b>Total Liabilities</b>	<u>17,551,277</u>	<u>1,526,644</u>	<u>7,261,192</u>	<u>-</u>	<u>-</u>	<u>1,632,125</u>	<u>27,971,238</u>
<b>Fund Balances</b>							
Nonspendable	361,478					108,723	470,201
Restricted	10,266,396	6,716,689	1,035	13,167,074	65,675,143	5,020,758	100,847,095
Assigned	14,092,220					463,215	14,555,435
Unassigned	13,222,924					(1,343)	13,221,581
<b>Total Fund Balances</b>	<u>37,943,018</u>	<u>6,716,689</u>	<u>1,035</u>	<u>13,167,074</u>	<u>65,675,143</u>	<u>5,591,353</u>	<u>129,094,312</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 55,494,295</u>	<u>\$ 8,243,333</u>	<u>\$ 7,262,227</u>	<u>\$ 13,167,074</u>	<u>\$ 65,675,143</u>	<u>\$ 7,223,478</u>	<u>\$ 157,065,550</u>

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, 2017**

Total fund balances - governmental funds \$ 129,094,312

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	4,104,917	
Depreciable assets, net	<u>210,854,193</u>	216,343,645

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	(1,318,256)	
General obligation bonds	(193,142,271)	
Unamortized premium on general obligation bonds	(10,477,185)	
Accreted interest on capital appreciation bonds	(21,024,159)	
Other postemployment benefits other than pensions (OPEB)	(21,770,751)	
Net pension liability	<u>(143,362,612)</u>	(391,095,234)

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	32,657,677	
Deferred inflows - pensions	(7,336,440)	
Deferred inflows - refunding	<u>(5,814,083)</u>	19,507,154

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	36,972,684	
Less: Liabilities	<u>(8,790,806)</u>	28,181,878

Interest expense related to general obligation bonds payable was incurred but not accrued through June 30, 2017 (1,748,553)

Property tax revenue related to general obligation bonds was assessed but not accrued through June 30, 2017 500,626

Total net position - governmental activities \$ 783,828

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, 2017**

	General Fund	Building Fund	Special Education Pass-Through Fund	Bond Interest and Redemption Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Local control funding formula sources:							
State apportionments	\$ 98,038,234	\$	\$	\$	\$	\$	\$ 98,038,234
Local sources	26,640,167						26,640,167
Total local control funding formula sources	124,678,401	-	-	-	-	-	124,678,401
Federal sources	8,080,832		5,463,823			4,235,943	17,780,598
Other state sources	22,206,602		15,424,317	115,645		3,517,112	41,263,676
Other local sources	7,865,414	97,912	1,035	13,447,397	(285,600)	1,661,557	22,787,715
<b>Total Revenues</b>	<b>162,831,249</b>	<b>97,912</b>	<b>20,889,175</b>	<b>13,563,042</b>	<b>(285,600)</b>	<b>9,414,612</b>	<b>206,510,390</b>
<b>Expenditures</b>							
Instruction	95,165,528					2,492,715	97,658,243
Instruction - related services	15,113,790					917,492	16,031,282
Pupil services	17,603,052					6,256,927	23,859,979
Ancillary services	423,348						423,348
Community services	223,218						223,218
General administration	8,895,056						8,895,056
Plant services	15,476,062	3,041,670				6,884,300	25,402,032
Other outgo	3,384,270		20,888,140				24,272,410
Debt service				13,507,480	509,666		14,017,146
<b>Total Expenditures</b>	<b>156,284,324</b>	<b>3,041,670</b>	<b>20,888,140</b>	<b>13,507,480</b>	<b>509,666</b>	<b>16,551,434</b>	<b>210,782,714</b>
Excess (deficiency) of revenues over expenditures	6,546,925	(2,943,758)	1,035	55,562	(795,266)	(7,136,822)	(4,272,324)
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of bonds					66,470,409		66,470,409
Interfund transfers in						899,776	899,776
Interfund transfers out	(4,899,776)						(4,899,776)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,899,776)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,470,409</b>	<b>899,776</b>	<b>62,470,409</b>
Net changes in fund balance	1,647,149	(2,943,758)	1,035	55,562	65,675,143	(6,237,046)	58,198,085
<b>Fund Balances at Beginning of Year</b>	<b>36,295,869</b>	<b>9,660,447</b>		<b>13,111,512</b>		<b>11,828,399</b>	<b>70,896,227</b>
<b>Fund Balances at End of Year</b>	<b>\$ 37,943,018</b>	<b>\$ 6,716,689</b>	<b>\$ 1,035</b>	<b>\$ 13,167,074</b>	<b>\$ 65,675,143</b>	<b>\$ 5,591,353</b>	<b>\$ 129,094,312</b>

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, 2017**

Net change in fund balances - total governmental funds \$ 58,198,085

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	\$ 10,001,058	
Depreciation expense	<u>(8,859,399)</u>	
Excess (deficiency) of capital outlay over depreciation expense		1,141,659

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

Refunding general obligation bond	(66,470,409)
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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	9,455,000
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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:

(3,791,267)

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:

Increase in accrued interest	(463,188)	
Increase in accreted interest	(3,599,874)	
Increase in other postemployment benefits other than pensions (OPEB)	(2,774,111)	
Increase in compensated absences	(67,095)	
Amortization of premium on general obligation bonds	1,707,143	
Increase in accrued property tax receivable for general obligation bond debt	41,492	
Decrease in deferred inflow on refunding bonds	<u>969,014</u>	(4,186,619)

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.

5,974,041

Change in net position of governmental activities	<u>\$ 320,490</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, 2017

	Governmental Activities: Internal Service Fund
	<u>Self-Insurance Fund</u>
<b><u>Assets</u></b>	
Cash in county treasury	\$ 36,427,974
Cash on hand and in banks	320,000
Cash with fiscal agent	18,450
Accounts receivable:	
Miscellaneous	<u>206,260</u>
<b>Total Assets</b>	<u>36,972,684</u>
 <b><u>Liabilities</u></b>	
Accounts payable	167,005
Estimated liability for open claims incurred but not recorded	<u>8,623,801</u>
<b>Total Liabilities</b>	<u>8,790,806</u>
 <b><u>Net Position</u></b>	
Unrestricted	<u>28,181,878</u>
<b>Total Net Position</b>	<u>\$ 28,181,878</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, 2017

	Governmental Activities: Internal Service Fund <u>Self-Insurance Fund</u>
<b>Operating Revenues</b>	
Self-insurance premiums	\$ 17,097,980
Other Local revenue	<u>11,646</u>
<b>Total Operating Revenues</b>	<u>17,109,626</u>
<b>Operating Expenditures</b>	
Payments for claims and other operating expenditures	<u>15,481,952</u>
<b>Total Operating Expenditures</b>	<u>15,481,952</u>
Net operating income	<u>1,627,674</u>
<b>Non-Operating Revenues</b>	
Interest income	346,367
Interfund transfer in	<u>4,000,000</u>
<b>Total Non-Operating Revenues</b>	<u>4,346,367</u>
Change in net position	5,974,041
<b>Net Position at Beginning of Year</b>	<u>22,207,837</u>
<b>Net Position at End of Year</b>	<u>\$ 28,181,878</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, 2017

	Governmental Activities: Internal Service Fund <hr/> Self-Insurance Fund <hr/>
<b>Cash Flows from Operating Activities</b>	
Cash received from premiums and other revenues	\$ 17,069,406
Cash paid for claims and operating expenditures	<u>(14,927,773)</u>
Net cash provided by operating activities	<u>2,141,633</u>
<b>Cash Flows from Investing Activities</b>	
Interest income	<u>280,581</u>
Net cash provided by investing activities	<u>280,581</u>
<b>Cash Flows from Non-capital Financing Activities</b>	
Interfund transfer in	<u>4,000,000</u>
Net cash provided by non-capital financing activities	<u>4,000,000</u>
Net increase in cash	6,422,214
Cash - July 1, 2016	<u>30,344,210</u>
Cash - June 30, 2017	<u><u>\$ 36,766,424</u></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, 2017**

**Reconciliation of operating income to  
net cash provided by operating activities**

<b>Operating Income</b>	\$ 1,627,674
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(40,339)
Accounts payable	(50,681)
IBNR	604,979
Total adjustments	<u>513,959</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 2,141,633</u></u>
Cash balances at June 30, 2017 consisted of the following:	
Cash in county treasury	\$ 36,427,974
Cash in banks	320,000
Cash with fiscal agent	18,450
Total cash	<u><u>\$ 36,766,424</u></u>

See accompanying notes to the financial statements.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**June 30, 2017**

	<u>District Scholarship Fund</u>	<u>Associated Student Body Funds</u>
<b><u>Assets</u></b>		
Cash on hand and in banks	\$ 57,578	\$ 1,784,812
Accounts receivable:		
Miscellaneous		8,959
<b>Total Assets</b>	<u>57,578</u>	<u>1,793,771</u>
<b><u>Liabilities</u></b>		
Accounts payable		218,245
Funds held in trust	57,578	1,092,177
<b>Total Liabilities</b>	<u>57,578</u>	<u>1,310,422</u>
<b><u>Net Position</u></b>		
Unrestricted		483,349
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ 483,349</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, 2017**

	Associated Student Body Funds
<b>Additions</b>	
Revenue from local sources	\$ 1,305,973
<b>Total Additions</b>	<u>1,305,973</u>
 <b>Deductions</b>	
Other expenses	<u>1,510,072</u>
<b>Total Deductions</b>	<u>1,510,072</u>
Changes in net position	(204,099)
 <b>Net Position - Beginning of Year</b>	 <u>687,448</u>
 <b>Net Position - End of Year</b>	 <u>\$ 483,349</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, 2017

### **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, 2017

### **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. Non-major 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, 2017

### **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.

**Debt Service Fund:** used to account for payment of bond interest and redemption of general obligation bond principal associated with the 2016 Refunding Bonds (2019 Crossover Bonds).

#### **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.

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**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**

**Trust and Agency Funds:** used to account for all assets for which the District acts in a trustee or agency capacity.

*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

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

general welfare, morale, and educational experiences of the student body. The District operates eight Associated Student Body funds.

#### **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 \$(1,065,567) on June 30, 2017, 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. Cash and equivalents held with the refunding escrow agent have been classified as investments.

#### **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

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

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

when used. Inventory consists of expendable supplies held for consumption. At June 30, 2017, the inventory for supplies is \$117,389. Food inventories are presented at cost and are expensed when used. At June 30, 2017, the inventory for food is \$101,948.

**Prepaid Expenses/Expenditures**

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2017, 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 - Pensions**

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

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

#### **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.

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **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' 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

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

***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. The District did not have any committed balances as of June 30, 2017.

***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

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 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 1<sup>st</sup>. Taxes are payable in two installments on November 1<sup>st</sup> and February 1<sup>st</sup>. Unsecured property taxes are payable in one installment on or before August 31<sup>st</sup>.

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, 2017, the District received \$187,223 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

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 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:

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

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

- 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.

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, 2017 is presented below:

	<u>WACSEP</u>
Total Assets	\$ 5,974,177
Total Liabilities	<u>3,783,614</u>
Total Net Position	<u>\$ 2,190,563</u>
Total Revenues	\$ 7,568,288
Total Reimbursable Costs	<u>8,914,877</u>
Reimbursable Cost in excess of Revenue	<u>\$ (1,346,589)</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

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

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

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.

**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, 2017, \$1,668,459 of the District's bank balance of \$2,188,069 was exposed to credit risk as follows:

District's Bank Balance	June 30, 2017
Uninsured and collateral held by pledging bank's trust department not in the District's name.	\$ 1,668,459

In addition, amounts held in escrow of \$65,675,143 are both uninsured and uncollateralized.

**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,

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 3: DEPOSITS AND INVESTMENTS**

2017 is measured at 99.4047% 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 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.

### **Investments with Refunding Escrow Agent**

The District's investment activity managed by the debt refunding escrow agent are governed by the Escrow Deposit and Trust Agreement (the Agreement). The Agreement defines the types of securities authorized, including term to manage interest rate risk, and credit quality and concentration to manage credit risk. Investments are selected to provide adequate earnings to pay interest due on the refunding bonds through and including the redemption date.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs. There are no Level 3 investments held by the refunding escrow agent.

As of June 30, 2017, the District's had the following investments held by the refunding escrow

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 3: DEPOSITS AND INVESTMENTS**

agent:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturity</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents:				
Cash (Level 1)	n/a	n/a	\$ 18,724	\$ 18,724
Funding strips (Level 1)	n/a	2 years	<u>57,818,350</u>	<u>57,451,232</u>
Total cash and cash equivalents			<u>57,837,074</u>	<u>57,469,956</u>
Debt Securities:				
U.S. Treasury bonds (Level 1)	Aaa	1-2 years	2,763,664	2,724,265
Foreign bonds (Level 2)	n/a	2 years	<u>5,576,671</u>	<u>5,480,922</u>
Total debt securities			<u>8,340,335</u>	<u>8,205,187</u>
Total investments			<u>\$ 66,177,409</u>	<u>\$ 65,675,143</u>

**NOTE 4: ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2017 consists of the following:

<u>Accounts Receivable</u>	<u>General Fund</u>	<u>Building Fund</u>	<u>Special Education Pass-Through Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Total Governmental Activities</u>
Federal and state	\$ 7,876,400	\$	\$ 7,260,172	\$ 831,775	\$ 15,968,347	\$ 15,968,347
Miscellaneous	<u>1,022,945</u>	<u>42,656</u>		<u>284,497</u>	<u>1,350,098</u>	<u>2,056,984</u>
Total accounts receivable	<u>\$ 8,899,345</u>	<u>\$ 42,656</u>	<u>\$ 7,260,172</u>	<u>\$ 1,116,272</u>	<u>\$ 17,318,445</u>	<u>\$ 18,025,331</u>

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 5: INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables**

Individual interfund receivable and payable balances at June 30, 2017 are temporary loans and are detailed as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 617,742	\$
Non-Major Governmental Funds:		
Cafeteria Fund		617,742
Total	<u>\$ 617,742</u>	<u>\$ 617,742</u>

**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.	\$ 899,776
Transfer from the General Fund to the Self-Insurance Fund for contribution to the health and welfare subfund.	<u>4,000,000</u>
Total	<u>\$ 4,899,776</u>

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**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	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Cash in revolving fund	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 6,775	\$ 56,775
Cash with fiscal agent	50,000	-	-	-	-	-	50,000
Inventories	117,389	-	-	-	-	101,948	219,337
Prepaid expenditures	144,089	-	-	-	-	-	144,089
Total nonspendable	<u>361,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,723</u>	<u>470,201</u>
<b>Restricted:</b>							
Legally restricted programs	10,266,396	-	-	-	-	160,928	10,427,324
County School Facilities	-	-	-	-	-	2,327,850	2,327,850
Capital Facilities	-	-	-	-	-	2,531,980	2,531,980
Debt service	-	-	-	13,167,074	65,675,143	-	78,842,217
SELPA	-	-	1,035	-	-	-	1,035
Measure W	-	6,716,689	-	-	-	-	6,716,689
Total restricted	<u>10,266,396</u>	<u>6,716,689</u>	<u>1,035</u>	<u>13,167,074</u>	<u>65,675,143</u>	<u>5,020,758</u>	<u>100,847,095</u>
<b>Assigned:</b>							
Adult education program	-	-	-	-	-	463,215	463,215
Declining enrollment	4,600,000	-	-	-	-	-	4,600,000
Reserve LCFF Gap Funding	5,805,320	-	-	-	-	-	5,805,320
Technology	1,000,000	-	-	-	-	-	1,000,000
Deferred maintenance program	2,686,900	-	-	-	-	-	2,686,900
Total assigned	<u>14,092,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,215</u>	<u>14,555,435</u>
<b>Unassigned:</b>							
Economic uncertainties	4,496,452	-	-	-	-	-	4,496,452
Unassigned	8,726,472	-	-	-	-	(1,343)	8,725,129
Total unassigned	<u>13,222,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,343)</u>	<u>13,221,581</u>
Total fund balance	<u>\$ 37,943,018</u>	<u>\$ 6,716,689</u>	<u>\$ 1,035</u>	<u>\$ 13,167,074</u>	<u>\$ 65,675,143</u>	<u>\$ 5,591,353</u>	<u>\$ 129,094,312</u>

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES**

Capital asset activity for the year ended June 30, 2017 is shown below:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 1,384,535	\$	\$	\$ 1,384,535
Construction in progress	22,211,786	3,926,719	22,033,588	4,104,917
Total capital assets not being depreciated	<u>23,596,321</u>	<u>3,926,719</u>	<u>22,033,588</u>	<u>5,489,452</u>
Capital assets being depreciated:				
Site improvements	38,445,249	647,572		39,092,821
Buildings	280,780,706	27,307,899		308,088,605
Furniture, equipment and vehicles	7,440,343	152,456		7,592,799
Total capital assets being depreciated	<u>326,666,298</u>	<u>28,107,927</u>	-	<u>354,774,225</u>
Less accumulated depreciation for:				
Site improvements	(21,600,917)	(1,189,245)		(22,790,162)
Buildings	(108,396,202)	(7,006,748)		(115,402,950)
Furniture, equipment and vehicles	(5,063,514)	(663,406)		(5,726,920)
Total accumulated depreciation	<u>(135,060,633)</u>	<u>(8,859,399)</u>	-	<u>(143,920,032)</u>
Depreciable assets, net	<u>191,605,665</u>	<u>19,248,528</u>	-	<u>210,854,193</u>
Governmental activities capital assets, net	<u>\$ 215,201,986</u>	<u>\$ 23,175,247</u>	<u>\$ 22,033,588</u>	<u>\$ 216,343,645</u>

**NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES**

A schedule of changes in long-term debt for the year ended June 30, 2017 is shown below:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due in One Year
General obligation bonds:					
General obligation bonds payable	\$ 136,938,592	\$ 65,658,679	\$ 9,455,000	\$ 193,142,271	\$ 10,220,000
Bond Premium	11,372,598	811,730	1,707,143	10,477,185	
Accreted interest on capital appreciation bonds	17,424,285	3,599,874		21,024,159	
Total general obligation bonds	<u>165,735,475</u>	<u>70,070,283</u>	<u>11,162,143</u>	<u>224,643,615</u>	<u>10,220,000</u>
Compensated absences	1,251,161	67,095		1,318,256	112,899
Postemployment healthcare benefits	18,996,640	2,774,111		21,770,751	
Net pension liability	119,384,815	23,977,797		143,362,612	
Total	<u>\$ 305,368,091</u>	<u>\$ 96,889,286</u>	<u>\$ 11,162,143</u>	<u>\$ 391,095,234</u>	<u>\$ 10,332,899</u>

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

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **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.

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 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 existing carrying value of the refunded debt exceeded the payments to the refunding escrow agent by \$7,752,111. This amount is deferred and amortized as a component of interest expense over the life of the debt. Amortization of \$969,014 was recognized during the fiscal year ended June 30, 2017.

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, 2017.

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **NOTE 9: GENERAL OBLIGATION BONDS**

#### **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, 2017, \$20,854,311 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, 2017.

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 \$58,993,679 in Capital Appreciation Bonds. 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 remain deposited in an escrow account and will be invested in certain federal securities that will provide for the payment of interest on the bonds through the crossover date. On the crossover date, funds on deposit with the fiscal agent will be applied to the redemption of the 2009A Series Bonds. The difference in cash flow requirements will amount to a savings of \$29,001,712. The present value of the economic gain to the District will amount to \$20,155,244.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The 2019 Crossover Bonds included a premium of \$811,730

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### NOTE 9: GENERAL OBLIGATION BONDS

which is being amortized using the straight-line method. Amortization of \$28,482 was recognized during the fiscal year ended June 30, 2017.

The outstanding general obligation bonded debt of Whittier Union High School District (Measure C and Measure W) at June 30, 2017 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2016	Principal		Outstanding June 30, 2017
						Issued Current Year	Payment Current Year	
<b>Measure C:</b>								
2015 Refunding Bond	11/10/2015	8/1/16-8/1/23	5.0	\$ 63,860,000	\$ 63,860,000	\$ _____	\$ 7,390,000	\$ 56,470,000
<b>Measure W:</b>								
Series 2009A Bond	9/22/2009	8/1/13-8/1/34	3.25-12.00	38,001,949	37,923,592		75,000	37,848,592
Series 2014B Bond	2/27/2014	8/1/15-8/1/23	2.00-4.00	18,000,000	16,160,000		1,990,000	14,170,000
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
2016 Refunding Bond	11/1/2016	8/1/24-8/1/34	1.97-3.32	65,658,679		65,658,679		65,658,679
Total Measure W				140,655,628	73,078,592	65,658,679	2,065,000	136,672,271
Total				\$ 204,515,628	\$ 136,938,592	\$ 65,658,679	\$ 9,455,000	\$ 193,142,271

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
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
2022	8,735,000	1,440,750	10,175,750
2023-2024	20,080,000	1,528,750	21,608,750
Total	\$ 56,470,000	\$ 12,357,250	\$ 68,827,250

### Measure W Repayment Schedule

Year Ending June 30,	Principal	Accreted Interest		Total
		Component	Interest	
2018	\$ 4,280,000	\$ _____	\$ 1,171,695	\$ 5,451,695
2019	4,480,000		1,107,831	5,587,831
2020	4,395,000		1,001,275	5,396,275
2021	4,623,912	81,088	885,800	5,590,800
2022	5,004,137	100,863	702,000	5,807,000
2023-2027	42,371,780	20,253,221	989,156	63,614,157
2028-2032	47,242,141	53,534,325		100,776,466
2033-2035	24,275,301	43,184,093		67,459,394
Total	\$ 136,672,271	\$ 117,153,590	\$ 5,857,757	\$ 259,683,618

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**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, 2017 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 \$7,123,801 for the Workers' Compensation Fund and \$1,500,000 for the Health and Welfare Fund at June 30, 2017 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, 2017 were:

<u>Reported Liability</u>	<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Fiscal Year Liability</u>
Workers' compensation	\$ 6,518,822	\$ 1,900,673	\$ (1,295,694)	\$ 7,123,801
Health and welfare	1,500,000	9,225,712	(9,225,712)	1,500,000
Total	<u>\$ 8,018,822</u>	<u>\$ 11,126,385</u>	<u>\$ (10,521,406)</u>	<u>\$ 8,623,801</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, 2017, 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

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 11: EMPLOYEE RETIREMENT PLANS**

retirement plans is as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	\$ 104,336,490	\$ 21,225,354	\$ 5,713,899	\$ 10,493,446
CalPERS - Schools Pool Plan	39,026,122	11,432,323	1,622,541	4,788,058
Total	\$ 143,362,612	\$ 32,657,677	\$ 7,336,440	\$ 15,281,504

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, 2017, are summarized as follows:

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**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	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	9.21%
Required employer contribution rate	12.58%	12.58%
Required state contribution rate	8.828%	8.828%

**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, 2017 are presented above and the total District contributions were \$8,248,918.

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

At June 30, 2017, 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:

Proportionate Share of Net Pension Liability	Balance June 30, 2017
District proportionate share of net pension liability	\$ 104,336,490
State's proportionate share of the net pension liability associated with the District	59,405,647
Total	\$ 163,742,137

The net pension liability was measured as of June 30, 2016. 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, 2016, the District's proportion was 0.1290%.

For the year ended June 30, 2017, the District recognized pension expense of \$10,493,446 and revenue of \$5,742,181 for support provided by the state. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 11: EMPLOYEE RETIREMENT PLANS**

following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,248,918	\$
Difference between expected and actual experience		2,545,170
Effect of changes in proportion	4,681,736	3,168,729
Net differences between projected and actual earnings on plan investments	8,294,700	
Total	\$ 21,225,354	\$ 5,713,899

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, 2018. The net differences between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

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, 2016 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 6 years.

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

Year Ending June 30,	Amortization
2018	\$ 2,057,706
2019	2,057,706
2020	2,057,706
2021	2,057,706
2022	(15,968)
2023	(952,319)
Total	\$ 7,262,537

**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, 2015, and rolling forward the total pension liability to

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### NOTE 11: EMPLOYEE RETIREMENT PLANS

June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the following methods and assumptions, applied to all prior periods included in the measurement:

#### Actuarial Methods and Assumptions

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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 20-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 Allocation	Long-term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute return/risk mitigating strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 11: EMPLOYEE RETIREMENT PLANS**

**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 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%)	\$ 150,163,740
Current discount rate (7.60%)	104,336,490
1% increase (8.60%)	66,275,040

**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.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 11: EMPLOYEE RETIREMENT PLANS**

**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 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 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 55 (or 62 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, 2017, 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	On or Before December 31, 2012	On or after January 1, 2013
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	13.888%	13.888%

**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, 2017 are as presented above and the total District contributions were \$3,328,094.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 11: EMPLOYEE RETIREMENT PLANS**

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$39,026,122. The net pension liability was measured as of June 30, 2016. 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, 2016, the District's proportion was 0.1976%.

For the year ended June 30, 2017, the District recognized pension expense of \$4,788,058. At June 30, 2017, 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	\$ 3,328,094	\$
Difference between expected and actual experience	1,678,497	
Effect of changes in assumptions		1,172,503
Effect of changes in proportion	370,133	450,038
Net differences between projected and actual earnings on plan investments	6,055,599	
Total	\$ 11,432,323	\$ 1,622,541

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, 2018. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

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 CalPERS Plan for the June 30, 2016 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 2.9 years.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 11: EMPLOYEE RETIREMENT PLANS**

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

Year Ending June 30,	Amortization
2018	\$ 776,139
2019	1,176,858
2020	2,948,234
2021	1,580,457
Total	<u>\$ 6,481,688</u>

**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, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the following methods and assumptions, applied to all prior periods included in the measurement:

<u>Actuarial Methods and Assumptions</u>	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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 CalPERS specific membership data and mortality rates resulting from the most recent CalPERS experience study adopted by the CALPERS Board. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 11: EMPLOYEE RETIREMENT PLANS**

rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	51%	5.71%
Global debt securities	20%	2.43%
Inflation assets	6%	3.36%
Private equity	10%	6.95%
Real estate	10%	5.13%
Infrastructure and forestland	2%	5.09%
Liquidity	1%	-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 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:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.65%)	\$ 58,227,192
Current discount rate (7.65%)	39,026,122
1% increase (8.65%)	23,037,453

**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.

## WHITTIER UNION HIGH SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

#### **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, 2017. If all employees under these contracts perform all service days agreed upon, the maximum commitment to the District as of June 30, 2017 for these contracts is approximately \$60,000. The amount expected to be paid in the next fiscal year (2017-18) is \$48,000. 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.

#### **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 classified 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 30<sup>th</sup> 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 2017, the District contributed \$1,424,448 to the plan and total member contributions were \$148,819.

##### **Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 13: POST EMPLOYMENT HEALTHCARE BENEFITS**

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:

Annual OPEB Cost and Net OPEB Obligation	Balance June 30, 2017
Annual required contribution (ARC)	\$ 4,627,765
Interest on net OPEB obligation	759,866
Adjustment to ARC	<u>(1,098,578)</u>
Annual OPEB cost	4,289,053
Contributions made, including implicit rate subsidy	<u>(1,514,942)</u>
Change in net OPEB obligation	2,774,111
Net OPEB obligation - beginning of year	<u>18,996,640</u>
Net OPEB obligation - end of year	<u>\$ 21,770,751</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 2017 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
2015	\$ 3,833,500	28.3%	\$ 15,749,833
2016	4,346,944	25.3%	18,996,640
2017	4,289,053	35.3%	21,770,751

**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, 2017, the fund's designated balance was \$18,477,168.

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

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 13: POST EMPLOYMENT HEALTHCARE BENEFITS**

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.

**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.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2017**

**NOTE 14: JOINT POWERS AGREEMENTS**

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. The District has ended its participation with SAWCX II as of June 30, 2017.

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	Unaudited	Audited
	6/30/17	6/30/17	6/30/17	6/30/16
<u>JPA Condensed Financial Information</u>				
Total Assets & Deferred Outflows	\$ 7,524,011	\$ 12,299,340	\$ 425,961,516	\$ 14,642,242
Total Liabilities & Deferred Inflows	5,498,020	9,366,674	235,158,912	13,074,020
Net Position	<u>\$ 2,025,991</u>	<u>\$ 2,932,666</u>	<u>\$ 190,802,604</u>	<u>\$ 1,568,222</u>
Total Revenues	4,646,012	12,146,891	265,621,746	1,921,295
Total Expenses	5,583,080	12,629,997	256,702,893	1,720,766
Net Increase (Decrease) in Net Position	<u>\$ (937,068)</u>	<u>\$ (483,106)</u>	<u>\$ 8,918,853</u>	<u>\$ 200,529</u>

**NOTE 15: DEFICIT FUND BALANCE**

The Pioneer High School Associated Student Body Fund and Whittier High School Associated Student Body Fund ended the year with a \$(50,331) and \$(39,733) deficit fund balance, respectively. The negative fund balance represents vendor payables and amounts held for clubs and trust in excess of available cash and receivables.

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2017

### **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.

#### **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, 2017, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$10,560,000. Projects will be funded through bond proceeds.

### **NOTE 17: SUBSEQUENT EVENTS**

On November 12, 2017, the District's board approved a resolution to file an intent to withdraw from its membership with Pupil Transportation Cooperative. The impact to the District has not been determined. The expected effective date is June 30, 2018.

### **NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2017, 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. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

# WHITTIER UNION HIGH SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

### **NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE**

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. 83 – *Certain Asset Retirement Obligations***

Issued in November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of tangible capital assets. The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. The statement is effective for the fiscal year 2019-20.

#### **Statement No. 84 – *Fiduciary Activities***

Issued in January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activities and (2) the beneficiary with whom a fiduciary relationship exists. The statement is effective for the fiscal year 2019-20.

#### **Statement No. 85 – *Omnibus 2017***

This statement was issued in March 2017 and addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The statement is effective for the fiscal year 2017-18.

#### **Statement No. 86 – *Certain Debt Extinguishment Issues***

This statement was issued in May 2017 and addresses accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resource other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The statement is effective for the fiscal year 2017-18.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2017**

**NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS  
ISSUED, NOT YET EFFECTIVE**

**Statement No. 87 – *Leases***

This statement was issued in June 2017 and addresses accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The statement is effective for the fiscal year 2020-21.

**REQUIRED SUPPLEMENTARY INFORMATION**

# WHITTIER UNION HIGH SCHOOL DISTRICT

## SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND For the Fiscal Year Ended June 30, 2017

	Budgetary Amounts		Actual Amounts	(a) Fund Basis	
	Original	Final		to GAAP	Actual Amounts
					GAAP Basis
<b>Revenues</b>					
Local control funding formula sources:					
State apportionments	\$ 102,575,604	\$ 102,383,593	\$ 98,038,234	\$	\$ 98,038,234
Local sources	<u>20,823,059</u>	<u>20,823,059</u>	<u>26,640,167</u>		<u>26,640,167</u>
Total local control funding formula sources:	123,398,663	123,206,652	124,678,401	-	124,678,401
Federal sources	8,055,245	8,881,519	8,080,832		8,080,832
Other state sources	13,869,381	24,175,341	22,206,602		22,206,602
Other local sources	<u>6,213,643</u>	<u>6,042,562</u>	<u>7,835,482</u>	29,932	<u>7,865,414</u>
<b>Total Revenues</b>	<u>151,536,932</u>	<u>162,306,074</u>	<u>162,801,317</u>	<u>29,932</u>	<u>162,831,249</u>
<b>Expenditures</b>					
Certificated salaries	67,101,841	66,126,930	66,054,519		66,054,519
Classified salaries	22,083,693	24,826,461	22,817,916		22,817,916
Employee benefits	33,588,646	40,109,907	38,966,873		38,966,873
Books and supplies	7,385,567	7,294,302	5,026,390		5,026,390
Services and other operating expenditures	17,375,440	20,451,409	18,870,947	79,195	18,950,142
Capital outlay	587,841	810,548	427,122	657,092	1,084,214
Tuition and other outgo	<u>3,018,864</u>	<u>3,584,782</u>	<u>3,384,270</u>		<u>3,384,270</u>
<b>Total Expenditures</b>	<u>151,141,892</u>	<u>163,204,339</u>	<u>155,548,037</u>	<u>736,287</u>	<u>156,284,324</u>
Excess (deficiency) of revenues over expenditures	<u>395,040</u>	<u>(898,265)</u>	<u>7,253,280</u>	<u>(706,355)</u>	<u>6,546,925</u>
<b>Other Financing Sources (Uses)</b>					
Interfund transfers in				1,000,000	1,000,000
Interfund transfers out	<u>(2,953,824)</u>	<u>(5,896,000)</u>	<u>(5,899,776)</u>		<u>(5,899,776)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,953,824)</u>	<u>(5,896,000)</u>	<u>(5,899,776)</u>	<u>1,000,000</u>	<u>(4,899,776)</u>
Net change in fund balances	<u>\$ (2,558,784)</u>	<u>\$ (6,794,265)</u>	1,353,504	293,645	1,647,149
<b>Fund Balance - Beginning of Year</b>			<u>33,902,615</u>	<u>2,393,254</u>	<u>36,295,869</u>
<b>Fund Balance - End of Year</b>			<u>\$ 35,256,119</u>	<u>\$ 2,686,899</u>	<u>\$ 37,943,018</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, 2017**

	<b>Special Education Pass-Through Fund</b>		
	<b>Budgeted Amounts</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>
<b>Revenues</b>			
Federal sources	\$ 5,483,402	\$ 5,357,145	\$ 5,463,823
Other state sources	13,704,914	15,503,680	15,424,317
Other local sources			1,035
<b>Total Revenues</b>	<u>19,188,316</u>	<u>20,860,825</u>	<u>20,889,175</u>
<b>Expenditures</b>			
Tuition and other outgo	<u>19,188,316</u>	<u>20,860,825</u>	<u>20,888,140</u>
<b>Total expenditures</b>	<u>19,188,316</u>	<u>20,860,825</u>	<u>20,888,140</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,035
<b>Fund Balance - Beginning of Year</b>			-
<b>Fund Balance - End of Year</b>			<u>\$ 1,035</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, 2017**

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, 2017, the fund's ending balance was \$18,477,168.

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, 2017

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017
District's proportion of the net pension liability (assets)	0.1250%	0.1340%	0.1290%
District's proportionate share of the net pension liability (asset)	\$ 73,046,250	\$ 90,214,160	\$ 104,336,490
State's proportionate share of the net pension liability (asset) associated with the District	<u>44,108,922</u>	<u>47,713,218</u>	<u>59,405,647</u>
Total	<u>\$ 117,155,172</u>	<u>\$ 137,927,378</u>	<u>\$ 163,742,137</u>
District's covered payroll	\$56.7 Million	\$62.2 Million	\$65.6 Million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	128.92%	145.04%	159.05%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.02%	70.04%
California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017
District's proportion of the net pension liability (assets)	0.1903%	0.1979%	0.1976%
District's proportionate share of the net pension liability (asset)	<u>\$ 21,603,684</u>	<u>\$ 29,170,655</u>	<u>\$ 39,026,122</u>
District's covered payroll	\$19.9 Million	\$21.9 Million	\$23.3 Million
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	118.90%	133.20%	167.49%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	79.43%	73.90%

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, 2017

<u>California State Teachers' Retirement System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 5,526,211	\$ 7,037,231	\$ 8,248,918
Contributions in relation to the contractually required contribution	<u>5,526,211</u>	<u>7,037,231</u>	<u>8,248,918</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$62.2 Million	 \$65.6 Million	 \$65.6 Million
 Contributions as a percentage of covered payroll	 8.88%	 10.73%	 12.58%
 <u>California Public Employees' Retirement System - Schools Pool Plan</u>	 <u>2015</u>	 <u>2016</u>	 <u>2017</u>
Contractually required contribution	\$ 2,583,381	\$ 2,761,367	\$ 3,328,094
Contributions in relation to the contractually required contribution	<u>2,583,381</u>	<u>2,761,367</u>	<u>3,328,094</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$21.9 Million	 \$23.3 Million	 \$24.0 Million
 Contributions as a percentage of covered payroll	 11.771%	 11.847%	 13.888%

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, 2017

#### **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 by major object.

**SUPPLEMENTARY INFORMATION**

# WHITTIER UNION HIGH SCHOOL DISTRICT

## HISTORY AND ORGANIZATION For the Fiscal Year Ended June 30, 2017

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, 2017 were as follows:

### **BOARD OF TRUSTEES**

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

### **DISTRICT ADMINISTRATORS**

Mr. Martin Plourde	Superintendent
Dr. Monica Oviedo	Assistant Superintendent, Business Services
Mr. Loring Davies	Deputy Superintendent
Mr. Kevin Jamero	Assistant Superintendent, Personnel Services

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
For the Fiscal Year Ended June 30, 2017**

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, 2017 are as follows:

	Revised	
	<u>Second Period</u>	<u>Annual</u>
Grades nine through twelve:		
Regular ADA	11,418	11,358
Extended year special education	77	77
Special education - nonpublic, nonsectarian schools	55	51
Extended year special education - nonpublic, nonsectarian schools	<u>4</u>	<u>6</u>
 Total grades nine through twelve ADA	 <u><u>11,554</u></u>	 <u><u>11,492</u></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, 2017**

Grade Level	Minute Requirement	Actual Minutes	Number of Days	
			Traditional Calendar	Status
Grade 9	64,800	67,658	180	In Compliance
Grade 10	64,800	67,658	180	In Compliance
Grade 11	64,800	67,658	180	In Compliance
Grade 12	64,800	67,658	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, 2017**

Program Name	Pass-Through		Total Program Expenditures
	Federal Catalog Number	Entity Identifying Number	
<b>United States Department of Agriculture</b>			
Pass-Through Program From California Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13523	\$ 2,042,120
School Breakfast Program	10.553	13526	1,145,415
Meal Supplements	10.553	(1)	58,680
Child Nutrition Summer Food Program	10.559	13396	49,713
Food Distribution-Commodities	10.555	(1)	<u>234,581</u>
Subtotal: Child Nutrition Cluster			3,530,509
Child and Adult Care Food Program	10.558	13389	<u>298,585</u>
Total: United States Department of Agriculture			<u>3,829,094</u>
<b>United States Department of Education</b>			
Pass-Through Program From California Department of Education:			
Special Education Cluster:			
Special Education (PL 94-142)	84.027	13379	7,576,130
Special Education: IDEA Preschool Grants, Part B, Section 619	84.173	13430	412,902
Special Education: IDEA Preschool Grants, Part B, Section 611	84.027A	13682	1,115,927
Special Education: IDEA Mental Health Services, Part B, Section 611	84.027A	14468	504,340
Special Education: IDEA Preschool Staff Development, Part B, Section 619	84.173A	13431	2,209
Mental Health Transition Services	84.027	01110	<u>527,180</u>
Total: Special Education Cluster:			<u>10,138,688</u>
Special Education: IDEA Early Intervention Grants, Part C	84.181	23761	<u>87,571</u>
Every Student Succeeds Act:			
Title I, Part A - Low Income and Neglected	84.010	03797	1,722,511
Title II, Part A - Improving Teacher Quality	84.367	14341	145,357
Title III - Limited English Proficiency	84.365	10084	58,841
Adult Basic Education Basic Grants:			
Adult Basic Education and English as a Second Language	84.002	14508	181,778
Adult Secondary Education	84.002	13978	126,198
Literacy and Civics	84.002A	14109	<u>63,873</u>
Subtotal: Adult Basic Education Basic Grants			<u>371,849</u>
Career and Technical Education - Basic Grants			
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>272,764</u>
Subtotal: Career and Technical Education Basic Grants			<u>307,764</u>
Total passed through the California Department of Education			<u>12,832,581</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, 2017**

Program Name	Federal Catalog Number	Pass-Through	Total Program Expenditures
		Entity Identifying Number	
Pass-Through the California Department of Rehabilitation:			
Workability II - Transition Partnership Program	84.126A	10006	614,867
Total passed through the California Department of Rehabilitation			<u>614,867</u>
Total United States Department of Education			<u>13,447,448</u>
<b>United States Department of Health and Human Services</b>			
Pass-Through Program From California Department of Education:			
Medi-Cal Billing Option	93.778	10013	203,143
Total: United States Department of Health and Human Services			<u>203,143</u>
<b>Total Federal Programs</b>			<u>\$ 17,479,685</u>
<b>Reconciliation to Federal Revenue</b>			
Total Federal Program Expenditures			\$ 17,479,685
Revenues in excess of expenditures related to Federal Entitlements:			
Medi-Cal	93.778		25,260
Medi-Cal Administrative Activities (MAA)	93.778		169,785
Advanced Placement	84.000		105,868
Total Federal Program Revenue			<u>\$ 17,780,598</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>\$ 5,463,823</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 \$234,581 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>2018 (Budgeted)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total revenues	\$ 141,046,010	\$ 155,233,029	\$ 152,842,139	\$ 133,578,100
Total expenditures	(144,634,664)	(146,633,159)	(143,977,858)	(134,185,753)
Total other sources	-	-	357,922	192,360
Total other uses	<u>(272,671)</u>	<u>(5,899,776)</u>	<u>(3,067,941)</u>	<u>(6,259,241)</u>
Change in fund balance	(3,861,325)	2,700,094	6,154,262	(6,674,534)
Ending fund balance	<u>\$ 29,204,214</u>	<u>\$ 33,065,539</u>	<u>\$ 30,365,445</u>	<u>\$ 24,211,183</u>
Available reserve	<u>\$ 4,676,866</u>	<u>\$ 13,222,924</u>	<u>\$ 10,137,142</u>	<u>\$ 14,183,759</u>
Available reserve %	3.2%	8.7%	6.9%	10.1%
ADA	<u>11,275</u>	<u>11,554</u>	<u>11,970</u>	<u>12,347</u>
Total long term debt	<u>\$ 380,762,335</u>	<u>\$ 391,095,234</u>	<u>\$ 305,368,091</u>	<u>\$ 270,304,444</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, 2017, the District has met this requirement.

Average daily attendance excludes Adult Education and ROP.

2018 budget is the original budget, adopted on June 27, 2017.

See the accompanying notes to the supplementary information.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
For the Fiscal Year Ended June 30, 2017**

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, 2017**

There is no differences between the fund balances reported on the June 30, 2017 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

NOTE: The financial data for the 2016 General Obligation Refunding Bonds (2019 Crossover) held with the refunding escrow agent, is presented within the Debt Service Fund (#56) of these financial statements. The activity is not reported in the Annual Financial and Budget Report. A reconciliation is as follows:

	<u>Debt Service Fund</u>
June 30, 2017 Annual Financial and Budget Report Fund Balance	\$ -
Reconciling Item:	
Cash with escrow agent	<u>65,675,143</u>
June 30, 2017 Audited Financial Statement Fund Balance	<u><u>\$ 65,675,143</u></u>

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, 2017**

**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, 2017. 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 2016-17 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, 2017**

**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 *2016-17 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, 2017**

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	Total Non-Major Governmental Funds
<b><u>Assets</u></b>					
Cash in county treasury	\$ 753,772	\$	\$ 2,283,604	\$ 2,869,394	\$ 5,906,770
Cash in bank		91,713			91,713
Cash in revolving fund		6,775			6,775
Accounts receivable	239,277	603,216	251,670	22,109	1,116,272
Inventories		101,948			101,948
<b>Total Assets</b>	<b>\$ 993,049</b>	<b>\$ 803,652</b>	<b>\$ 2,535,274</b>	<b>\$ 2,891,503</b>	<b>\$ 7,223,478</b>
 <b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 368,906	\$ 78,530	\$ 3,294	\$ 563,653	\$ 1,014,383
Due to other funds		617,742			617,742
<b>Total Liabilities</b>	<b>368,906</b>	<b>696,272</b>	<b>3,294</b>	<b>563,653</b>	<b>1,632,125</b>
 <b>Fund Balances</b>					
Nonspendable		108,723			108,723
Restricted	160,928		2,531,980	2,327,850	5,020,758
Assigned	463,215				463,215
Unassigned		(1,343)			(1,343)
<b>Total Fund Balances</b>	<b>624,143</b>	<b>107,380</b>	<b>2,531,980</b>	<b>2,327,850</b>	<b>5,591,353</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 993,049</b>	<b>\$ 803,652</b>	<b>\$ 2,535,274</b>	<b>\$ 2,891,503</b>	<b>\$ 7,223,478</b>

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, 2017**

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	Total Non-Major Governmental Funds
<b>Revenues</b>					
Federal sources	\$ 406,849	\$ 3,829,094	\$	\$	\$ 4,235,943
Other state sources	3,243,198	273,914			3,517,112
Other local sources	154,222	1,032,354	408,885	66,096	1,661,557
<b>Total Revenues</b>	<u>3,804,269</u>	<u>5,135,362</u>	<u>408,885</u>	<u>66,096</u>	<u>9,414,612</u>
<b>Expenditures</b>					
Instruction	2,492,715				2,492,715
Instruction - related services	917,492				917,492
Pupil services	221,696	6,035,231			6,256,927
Plant services	128,606		527,213	6,228,481	6,884,300
<b>Total Expenditures</b>	<u>3,760,509</u>	<u>6,035,231</u>	<u>527,213</u>	<u>6,228,481</u>	<u>16,551,434</u>
Excess (deficiency) of revenues over expenditures	<u>43,760</u>	<u>(899,869)</u>	<u>(118,328)</u>	<u>(6,162,385)</u>	<u>(7,136,822)</u>
<b>Other Financing Sources</b>					
Interfund transfers in		899,776			899,776
<b>Total Other Financing Sources</b>	<u>-</u>	<u>899,776</u>	<u>-</u>	<u>-</u>	<u>899,776</u>
Net changes in fund balance	43,760	(93)	(118,328)	(6,162,385)	(6,237,046)
<b>Fund Balances at Beginning of Year</b>	<u>580,383</u>	<u>107,473</u>	<u>2,650,308</u>	<u>8,490,235</u>	<u>11,828,399</u>
<b>Fund Balances at End of Year</b>	<u>\$ 624,143</u>	<u>\$ 107,380</u>	<u>\$ 2,531,980</u>	<u>\$ 2,327,850</u>	<u>\$ 5,591,353</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, 2017**

	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
<b><u>Assets</u></b>									
Cash on hand and in banks	\$ 635,285	\$ 303,719	\$ 241,500	\$ 457,261	\$ 126,285	\$ 8,967	\$ 2,296	\$ 9,499	\$ 1,784,812
Accounts receivable	931		3,292		4,736				8,959
<b>Total Assets</b>	<u>636,216</u>	<u>303,719</u>	<u>244,792</u>	<u>457,261</u>	<u>131,021</u>	<u>8,967</u>	<u>2,296</u>	<u>9,499</u>	<u>1,793,771</u>
<b><u>Liabilities</u></b>									
Accounts payable	8,786		128,864	60,270	18,068	2,257			218,245
Funds held in trust	481,866	73,686	166,259	215,669	152,686	2,011			1,092,177
<b>Total Liabilities</b>	<u>490,652</u>	<u>73,686</u>	<u>295,123</u>	<u>275,939</u>	<u>170,754</u>	<u>4,268</u>	<u>-</u>	<u>-</u>	<u>1,310,422</u>
<b><u>Net Position</u></b>									
Unrestricted	<u>145,564</u>	<u>230,033</u>	<u>(50,331)</u>	<u>181,322</u>	<u>(39,733)</u>	<u>4,699</u>	<u>2,296</u>	<u>9,499</u>	<u>483,349</u>
<b>Total Net Position</b>	<u>\$ 145,564</u>	<u>\$ 230,033</u>	<u>\$ (50,331)</u>	<u>\$ 181,322</u>	<u>\$ (39,733)</u>	<u>\$ 4,699</u>	<u>\$ 2,296</u>	<u>\$ 9,499</u>	<u>\$ 483,349</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, 2017

	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
<b>Additions</b>									
Athletics	\$ 54,698	\$ 92,437	\$ 32,688	\$ 35,427	\$ 30,546	\$	\$	\$	\$ 245,796
Student body cards	35,629	49,800	10,355		33,070				128,854
Physical education clothes	25,025	13,208	2,271	7,487	6,357				54,348
Yearbook	39,600	92,149	20,660	42,407	33,062				227,878
Social activities	71,863	141,443	44,565	39,258	63,379				360,508
Special events	10,963	15,694			100			285	27,042
Cap and gown	15,828	19,701	30		53,466				89,025
Interest		3,241	1						3,242
Other revenues	62,801	32,296	17	5,794	52,918	6,885	1,224	7,345	169,280
<b>Total Additions</b>	<u>316,407</u>	<u>459,969</u>	<u>110,587</u>	<u>130,373</u>	<u>272,898</u>	<u>6,885</u>	<u>1,224</u>	<u>7,630</u>	<u>1,305,973</u>
<b>Deductions</b>									
Athletics	82,486	86,221	46,761	35,486	101,357				352,311
Awards/scholarship								400	400
Student body cards			683						683
Physical education clothes	17,002	7,344	1,259		3,035				28,640
Yearbook	39,600	61,188	16,016	42,407	28,892				188,103
Social activities	71,863	134,982	43,345	39,258	54,206				343,654
Special events	15,016	39,331		2,599				2,060	59,006
Cap and gown	15,264	9,613			40,971				65,848
Bank fees		8,385	396	3,199	2,214				14,194
Other expenditures	173,290	104,884	38,081	30,386	101,656	5,290	965	2,681	457,233
<b>Total Deductions</b>	<u>414,521</u>	<u>451,948</u>	<u>146,541</u>	<u>153,335</u>	<u>332,331</u>	<u>5,290</u>	<u>965</u>	<u>5,141</u>	<u>1,510,072</u>
Changes in net position	(98,114)	8,021	(35,954)	(22,962)	(59,433)	1,595	259	2,489	(204,099)
<b>Net Position - Beginning of Year</b>	<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>
<b>Net Position - End of Year</b>	<u>\$ 145,564</u>	<u>\$ 230,033</u>	<u>\$ (50,331)</u>	<u>\$ 181,322</u>	<u>\$ (39,733)</u>	<u>\$ 4,699</u>	<u>\$ 2,296</u>	<u>\$ 9,499</u>	<u>\$ 483,349</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, 2017**

**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 AUDITORS' REPORT**

**INDEPENDENT AUDITORS' 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, 2017, 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 8, 2017.

**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 AUDITORS' 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.



CliftonLarsonAllen LLP  
Glendora, California  
December 8, 2017

**INDEPENDENT AUDITORS' 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, 2017. 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.

**Auditors' 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 AUDITORS' 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, 2017.

**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 AUDITORS' 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.

*CliftonLarsonAllen LLP*

CliftonLarsonAllen LLP  
Glendora, California  
December 8, 2017

## INDEPENDENT AUDITORS' 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 *2016-17 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, 2017. 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.

### **Auditors' 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 *2016-17 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 AUDITORS' 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
Mental Health Expenditures	Yes
Educator Effectiveness	Yes
California Clean Energy Act	Yes
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 <sup>1</sup>
Mode of Instruction	No <sup>1</sup>
Nonclassroom Based Instruction/Independent Study	No <sup>1</sup>
Determination of Funding for Nonclassroom Based Instruction	No <sup>1</sup>
Annual Instructional Minutes – Classroom Based	No <sup>1</sup>
Charter School Facility Grant Program	No <sup>1</sup>

<sup>1</sup>The District is not the granting agency for any Charter Schools.

# INDEPENDENT AUDITORS' 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, 2017.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and which is described in the accompanying schedule of findings and responses as item 2017-001. Our opinion on each state program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 *2016-17 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.



CliftonLarsonAllen LLP  
Glendora, California  
December 8, 2017

**FINDINGS AND QUESTIONED COSTS**

WHITTIER UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF AUDITOR RESULTS

June 30, 2017

SECTION I – SUMMARY OF AUDITORS’ 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:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173, 84.173A	Special Education

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, 2017**

All audit findings must be identified as one or more of the following 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 or federal awards for the year ended June 30, 2017.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND RESPONSES  
RELATED TO STATE AWARDS**

**June 30, 2017**

**FINDING 2017-001 – EDUCATOR EFFECTIVENESS**

**40000**

**Criteria:** Pursuant to Assembly Bill 104, Section 58 (Chapter 13, Statutes of 2015) of the Budget Act of 2015, the local plan for the Educator Effectiveness funds needs to be heard in a public meeting of the governing board of the school district before its adoption in a subsequent public meeting.

**Condition:** Upon discussion with District personnel and review of board minutes it was noted that the local plan was heard and adopted in the same public meeting.

**Effect:** The District is not in compliance with California Education Code Assembly Bill 104, Section 58 (Chapter 13, Statutes of 2015) of the Budget Act of 2015.

**Cause:** Miscommunication in taking board action items.

**Questioned Costs:** \$816,496, amount of funds awarded.

**Recommendation:** The District should reapprove the local plan for Educator Effectiveness funds in a subsequent meeting or will be subject to return of funds.

**District Response:** The District will reapprove the local plan at the December 12, 2017 board meeting.

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**June 30, 2017**

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.

**CONTINUING DISCLOSURE INFORMATION (UNAUDITED)**

**WHITTIER UNION HIGH SCHOOL DISTRICT**

**CONTINUING DISCLOSURE INFORMATION (UNAUDITED)**

**June 30, 2017**

Assessed valuation for fiscal year 2016-17	\$21,513,356,331
Secured tax levies for fiscal year 2016-17	\$17,203,444
Secured tax collections for fiscal year 2016-17	\$16,476,873
Secured tax delinquency for fiscal year 2016-17	\$726,571
Secured tax collections for fiscal year 2016-17 as a percent of the total levy	95.78%

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2016-17 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1. Rose Hills Inc.	Cemetery	\$ 166,540,879	0.77 %
2. BRE DDR BR Whitewood CA LLC	Shopping Center	141,647,228	0.66
3. AMB US Logistics Fund LP	Industrial	116,956,226	0.54
4. RR and C Development Company	Industrial	107,049,552	0.50
5. Teachers Insurance and Annuity Association of America	Industrial	96,707,072	0.45
6. Breitburn Operating LP	Mineral Rights	94,692,836	0.44
7. Legacy Partners II Santa Fe Springs LLC	Office Building	94,678,605	0.44
8. Prologis USLV NEWCA 6 LLC	Industrial	86,296,249	0.40
9. McMaster Carr Supply Company	Industrial	84,994,039	0.40
10. Q4G Properties LP, Lessor	Industrial	63,012,567	0.29
11. SDCO SFS Logistics Center Inc.	Industrial	62,250,000	0.29
12. GMS Five LLC	Shopping Center	61,864,444	0.29
13. Gateway Pointe Investors LLC	Industrial	47,066,713	0.22
14. Western B West CA LLC	Industrial	45,022,000	0.21
15. Whittier Marketplace LP, Lessor	Shopping Center	43,470,725	0.20
16. Catellus Development Corp.	Industrial	43,290,448	0.20
17. Maruichi American Corp.	Industrial	42,611,587	0.20
18. McKesson Property Company Inc.	Industrial	41,136,430	0.19
19. Centro Watt Property Owner II LLC	Shopping Center	40,693,003	0.19
20. Redlands Joint Venture LLC	Office Building	36,851,875	0.17
		<u>\$ 1,516,832,478</u>	<u>7.05 %</u>

Source: California Municipal Statistics, Inc.

(1) % of local secured assessed valuation: \$21,513,356,331