

WESTSIDE UNION SCHOOL DISTRICT

LOS ANGELES COUNTY
QUARTZ HILL, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2015

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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Financial Section



Jeanette L. Garcia & Associates

1980 Orange Tree Lane, Suite 280

Redlands, CA 92374

Phone: (909) 335-6100

Fax: (909) 335-6122

www.jlgcpa.net

Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Westside Union School District
Quartz Hill, 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 Westside Union School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Westside Union School District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, Westside Union School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, General Fund Budgetary Comparison Schedule on page 51, Other Postemployment Benefits Schedule of Funding Progress on page 52, and Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 53 through 56 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 Westside Union School District's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the *2014-15 Guide for Annual Audits of Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations 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 combining and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the Westside Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Westside Union School District's internal control over financial reporting and compliance.

Janette L Garcia + Associates

Redlands, California
December 15, 2015

Westside Union School District
Management Discussion & Analysis
June 30, 2015

INTRODUCTION

The discussion and analysis of Westside Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance. The Westside Union School District covers approximately 346 square miles in North Los Angeles County in California. The communities served are West Lancaster, Quartz Hill, West Palmdale and Leona Valley. There are six K-6 elementary schools, one 6-8 middle school, one 7-8 middle school, and four schools which consist of grades kindergarten through eighth. The District Office is located in Quartz Hill.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis Statement is provided to assist our citizens, taxpayers and investors in reviewing the District's finances. The financial statements presented herein include all of the activities of the Westside Union School District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The statements are organized so the reader can understand the Westside Union School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The Governmental Funds statements present the financial picture of the District from the economic resources measurement focus on an accrual basis. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The Financial Statements include statements for both categories of activities: governmental and fiduciary. The Governmental Funds statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Fiduciary funds statements report agency funds, do not have a measurement focus, and only report a balance sheet.

The "Statement of Net Position" and "Statement of Activities" provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a long term view of those finances. These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, which represents a common way to measure the District's financial health. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

"Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all special revenue funds and other non-major funds presented in total in two columns.

Fund Financial Statements

The fund financial statements provide detailed information about the more significant funds, rather than the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and

governmental funds is reconciled in the financial statements. Governmental funds include most of the major funds of the District.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds. The Westside Union School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The Westside Union School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

THE SCHOOL DISTRICT AS A WHOLE

Net Position

The "Statement of Net Position" provides the perspective of the School District as a whole. As indicated earlier, the change in net assets may be a useful indicator of the District's financial position. The District's assets in 2014/15 exceeded liabilities by \$19.2 million. This is a significant change from the 2013/14 fiscal year, and indeed from every prior year. In June 2012, the Governmental Accounting Standards Board issued Statement 68 (GASB 68) which would be applicable to all financial statements beginning after June 15, 2014, and which would introduce new requirements for accrual-basis recognition by state and local governments of employer costs and obligations for pensions. Under previous accounting standards, California State School Districts participating in a cost-sharing defined benefit pension plans such as the CalSTRS and CalPERS recognized annual pension expense only to the extent of their contractually required contributions to the plan. In their financial statements, School Districts recognized a pension liability only for the difference, if any, between contributions required and contributions made. Under the new accounting standards, if the present value of benefits earned by all employees participating in the CalSTRS or CalPERS pension plan (the plan's total pension liability) exceeds the resources accumulated by the pension plan to pay benefits (producing a net pension liability), School Districts must now report in their government-wide financial statements their proportionate share of the plan's net pension liability. At present, both CalSTRS and CalPERS have a net pension liability. School Districts must also report their proportionate share of accrual-basis pension expense and their proportionate share of deferred items for unamortized changes in the plan's total pension liability due to factors such as changes in actuarial assumptions or differences between actuarial assumptions and actual experience. Note that in the absence of the change in reporting requirements the year-over-year change in Net Position would have been approximately 0.1%.

Net Assets for fiscal years 2013/14 and 2014/15 (millions).

	Governmental Activities		
	2015	2014	% Change
Current and other assets	\$60.3	\$69.2	-12.9%
Capital assets	\$122.7	\$115.4	6.3%
Total Assets	\$182.9	\$184.6	-0.9%
Current liabilities	\$7.5	\$7.1	5.0%
Long-term debt	\$149.3	\$103.0	44.9%
Total Liabilities	\$156.8	\$110.2	42.3%
Net Position			
Invested in capital assets, net of related debt	\$32.0	\$23.0	39.0%
Restricted	\$42.3	\$51.7	-18.2%
Unrestricted	(\$55.2)	(\$0.4)	-15336.3%
Total Net Position	\$19.2	\$74.4	-74.2%

Magnitude of change due to implementation of GASB 68

Capital Assets & Debt Administration

Capital Assets

At the end of the fiscal year 2015 the District had \$122,659,007 (net of depreciation) invested in land, buildings, equipment, and construction in progress. Note the increase in Land, Building & Site Improvement and decrease in Construction In-Progress that reflects the progress in closing out of the District's recent school site construction projects.

(millions)

	Governmental Activities	
	2015	2014
Land, Buildings, Site Improv.	\$68.7	\$41.2
Equipment	\$1.9	\$1.9
Construction In-Progress	\$52.0	\$72.3
Net Capital Assets	\$122.7	\$115.4

Debt

As of June 30, 2015 the District had \$149.3 (millions) in debt outstanding.

	Governmental Activities	
	2015	2014
General Obligation Bonds	\$70.1	\$71.9
Other Post Employment Benefits	\$10.7	\$10.3
Net Pension Liability	\$47.6	\$59.1
Compensated Absences	\$0.4	\$0.3
Capital Lease Agreements	\$0.7	\$0.2
Community Facilities Districts	\$19.8	\$20.1
Totals	\$149.3	\$161.9

FINANCIAL HIGHLIGHTS

As previously mentioned in the introductory sections above, the District operates several funds, each of which has a designated purpose. The major fund through which most District operational activities occur is the General Fund. Primary funding for the General Fund is provided by a combination of state and federal sources. For the school year state and federal sources totaled \$63,210,335, or 92% of all revenues. Other local revenues accounted for \$5,617,855 or 8% of total General Fund revenues of \$68,828,190.

Within the General Fund, operational expenses, which include items such as salaries, benefits, books and supplies, utilities, etc., were \$67,370,496 for the school year. Also, there was an additional net from other expenditures such as capital outlay and transfer costs, which brought the total regular expenditures for the year to \$69,649,022.

Kindergarten through Eighth Grade enrollment increased from 8,961 at the start of school on August 7, 2014 to 8,987 as of the last day of school on June 4, 2015. Although modest, this increase was consistent with the current overall trend for increasing enrollment in California in the Antelope Valley region.

As stated previously in the prior year's (2014) Management Discussion & Analysis, the area of perhaps the greatest potential concern is the continuing trend with respect to deficit spending in the face of ongoing revenue increases. Although the drawing down of General Fund reserves by deficit spending was an intentional, strategic response to the extraordinary reserves which were accumulated during the Great Recession of 2008/12, we may be fast approaching the prudent limits of that policy. There are underlying structural factors, specifically the pre-programmed contractual increases in the salary schedules, and the statutory pension obligations, that create an unceasing upward pressure on expenses. Regular annual funding increases of at least between 3% and 4% would be required in order to meet these structural cost increases, with no additional elective cost increases. However the historical reality is that a) California school funding reflects California state revenue collection which has practically defined the term "Boom & Bust", and b) the negotiating teams for the employee associations throughout the state are not generally inclined to view a 3-4% increase in funding as the baseline that makes it possible to pay for the automatic step and column increases and the additional contributions to members' pensions, and therefore exclude it from consideration as 'additional' funding available for possible salary schedule increases. The three scenarios shown below have been created to illustrate the scope, the factors, the impact and the relative immediacy of this structural concern:

Scenario I

Fiscal Year	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
Revenue Increases	-0.13%	-1.96%	12.50%	10.60%	8.82%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Salary Increase, Elective	0.00%	3.00%	4.00%	3.50%	3.50%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Salary Increase, Fixed	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Non-Labor Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total Increase	3.65%	6.65%	7.65%	7.15%	7.15%	5.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%
Revenue	\$56,419	\$55,315	\$62,231	\$68,828	\$74,897	\$75,796	\$76,705	\$77,626	\$78,557	\$79,500	\$80,454	\$81,420
Labor Costs	\$48,186	\$50,923	\$53,631	\$59,383	\$63,035	\$65,966	\$67,714	\$69,509	\$71,351	\$73,241	\$75,182	\$77,175
Non Labor Costs	\$8,772	\$8,764	\$9,539	\$10,266	\$10,369	\$10,472	\$10,577	\$10,683	\$10,790	\$10,898	\$11,007	\$11,117
**Total Expenses	\$56,958	\$59,688	\$63,170	\$69,649	\$73,404	\$76,439	\$78,291	\$80,192	\$82,140	\$84,139	\$86,189	\$88,291
**Surplus/Deficit	(\$539)	(\$4,373)	(\$939)	(\$821)	\$1,493	(\$643)	(\$1,586)	(\$2,566)	(\$3,583)	(\$4,639)	(\$5,735)	(\$6,872)
**Beginning FB	\$19,711	\$19,171	\$14,798	\$13,859	\$13,038	\$14,532	\$13,889	\$12,303	\$9,738	\$6,155	\$1,516	(\$4,219)
**Ending FB	\$19,171	\$14,798	\$13,859	\$13,038	\$14,532	\$13,889	\$12,303	\$9,738	\$6,155	\$1,516	(\$4,219)	(\$11,091)
3% Reserve Requirement	\$1,709	\$1,791	\$1,895	\$2,089	\$2,202	\$2,293	\$2,349	\$2,406	\$2,464	\$2,524	\$2,586	\$2,649
3% Reserve Excess	\$17,463	\$13,008	\$11,964	\$10,949	\$12,330	\$11,596	\$9,954	\$7,332	\$3,690	(\$1,009)	(\$6,805)	(\$13,740)
Percent Above/Below 3% Req't	922%	626%	531%	424%	460%	406%	324%	205%	50%	-140%	-363%	-619%

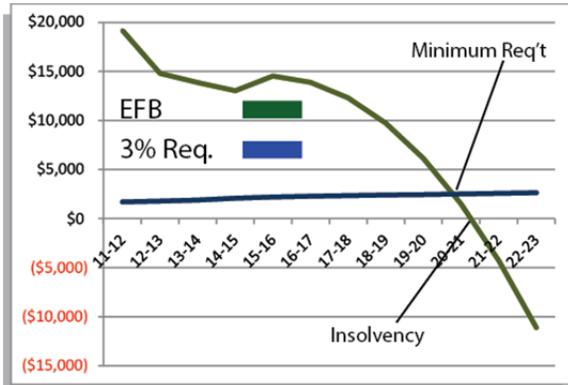
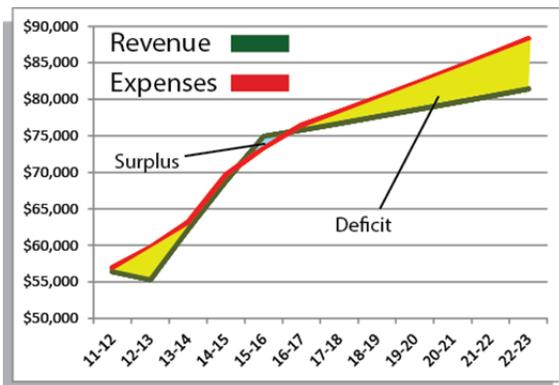
*Historical data from corresponding WUSD Certified Audited Financial Statements. **Does not include Other Financing Sources/Uses, since OFSU not reflective of operating income/expense.

Assumptions

- Projected non-elective cost increases based on ACTUAL historical averages
- LCFF full funding reached by 15/16
- COLA of 1.2% fully funded all out-years
- Moderate salary increases in 15/16, 16/17; no additional salary schedule increases in out-years
- Step & Column, STRS/PERS, statutory contributions, etc., increase at no more than historical rates
- Non-labor cost increases remain at historical rates (and below inflation as measured by COLA)
- No sudden, severe economic downturn - **highly optimistic assumption**

Points of Interest

- Surplus in 15/16, increase to EFB
- Deficit spending magnitude, pattern in line with recent actuals (indicative of realistic assumptions)
- Deficit spending continues in 17/18, despite COLA increase, NO elective salary increase, or change in historical non-elective increases. This is first concrete indication of systemic misalignment, despite an EFB of \$12MM, which is over 4x the statutory reserve requirement
- Despite continued COLA increases, and no salary schedule increases for 4 years, in 18/19 the District cannot meet AB1200 requirements for 3% reserve in the 2 out-years
- Early in the 21/22 fiscal year the District cannot meet payroll and other financial obligations



Scenario II

	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
Revenue Increases	-0.13%	-1.96%	12.50%	10.60%	8.82%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Salary Increase, Elective	0.00%	3.00%	4.00%	3.50%	5.50%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Salary Increase, Fixed	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Non-Labor Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total Increase	3.65%	6.65%	7.65%	7.15%	9.15%	6.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%
Revenue	\$56,419	\$55,315	\$62,231	\$68,828	\$74,897	\$75,796	\$76,705	\$77,626	\$78,557	\$79,500	\$80,454	\$81,420
Labor Costs	\$48,186	\$50,923	\$53,631	\$59,383	\$64,223	\$67,851	\$69,649	\$71,495	\$73,390	\$75,334	\$77,331	\$79,380
Non Labor Costs	\$8,772	\$8,764	\$9,539	\$10,266	\$10,369	\$10,472	\$10,577	\$10,683	\$10,790	\$10,898	\$11,007	\$11,117
**Total Expenses	\$56,958	\$59,688	\$63,170	\$69,649	\$74,591	\$78,324	\$80,226	\$82,178	\$84,179	\$86,232	\$88,337	\$90,497
**Surplus/Deficit	(\$539)	(\$4,373)	(\$939)	(\$821)	\$306	(\$2,528)	(\$3,521)	(\$4,552)	(\$5,622)	(\$6,732)	(\$7,883)	(\$9,077)
**Beginning FB	\$19,711	\$19,171	\$14,798	\$13,859	\$13,038	\$13,344	\$10,816	\$7,295	\$2,743	(\$2,879)	(\$9,611)	(\$17,494)
**Ending FB	\$19,171	\$14,798	\$13,859	\$13,038	\$13,344	\$10,816	\$7,295	\$2,743	(\$2,879)	(\$9,611)	(\$17,494)	(\$26,571)
3% Reserve Requirement	\$1,709	\$1,791	\$1,895	\$2,089	\$2,238	\$2,350	\$2,407	\$2,465	\$2,525	\$2,587	\$2,650	\$2,715
3% Reserve Excess	\$17,463	\$13,008	\$11,964	\$10,949	\$11,106	\$8,467	\$4,889	\$278	(\$5,404)	(\$12,198)	(\$20,144)	(\$29,286)
	922%	626%	531%	424%	396%	260%	103%	-89%	-314%	-571%	-860%	-1179%

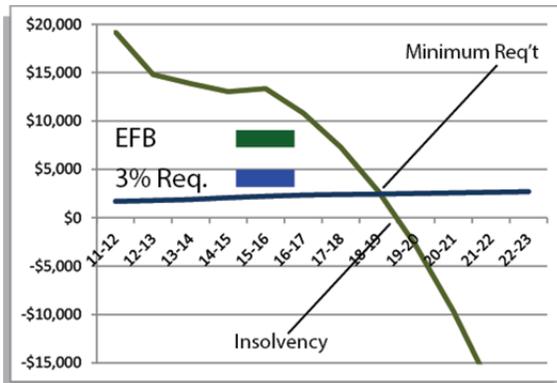
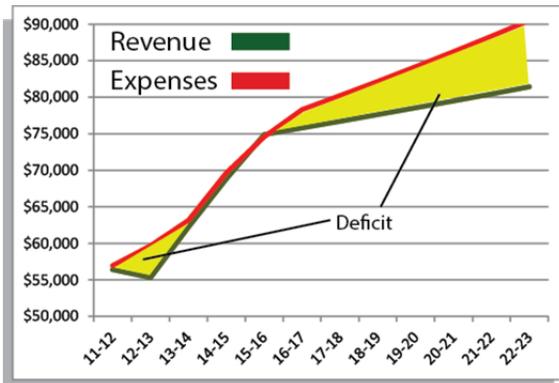
*Historical data from corresponding WUSD Certified Audited Financial Statements. **Does not include Other Financing Sources/Uses, since OFSU not reflective of operating income/expense.

Assumptions

- LCFF full funding reached by 15/16
- COLA of 1.2% fully funded all out-years
- More generous salary increases in 15/16, 16/17; no additional salary schedule increases in out-years
- Step & Column, STRS/PERS, statutory contributions, etc., increase at no more than historical rates
- Non-labor cost increases remain at historical rates (and below inflation as measured by COLA)
- No sudden, severe economic downturn - **highly optimistic assumption**

Points of Interest

- Surplus in 15/16, increase to EFB
- Deficit spending magnitude, pattern more severe than recent actuals. Given the only change from Scenario 1 is larger salary schedule increases, it is likely that the predictive value has been maintained
- Deficit spending continues in 17/18, despite consistent COLA increases, NO elective salary increase, or change in historical non-elective increases. Note that in 17/18 EFB is still 3x the statutory reserve requirement
- Despite continued COLA increases, and no salary schedule increases in the current year, in 17/18 the District cannot meet AB1200 requirements for 3% reserve in the 2 out-years
- Early in the 19/20 fiscal year the District cannot meet payroll and other financial obligations.



Scenario III

	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
Revenue Increases	-0.13%	-1.96%	12.50%	10.60%	8.82%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Salary Increase, Elective	0.00%	3.00%	4.00%	3.50%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Salary Increase, Fixed	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%	2.65%
Non-Labor Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total Increase	3.65%	6.65%	7.65%	7.15%	6.15%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%
Revenue	\$56,419	\$55,315	\$62,231	\$68,828	\$74,897	\$75,796	\$76,705	\$77,626	\$78,557	\$79,500	\$80,454	\$81,420
Labor Costs	\$48,186	\$50,923	\$53,631	\$59,383	\$62,441	\$64,096	\$65,794	\$67,538	\$69,328	\$71,165	\$73,051	\$74,987
Non Labor Costs	\$8,772	\$8,764	\$9,539	\$10,266	\$10,369	\$10,472	\$10,577	\$10,683	\$10,790	\$10,898	\$11,007	\$11,117
**Total Expenses	\$56,958	\$59,688	\$63,170	\$69,649	\$72,810	\$74,568	\$76,372	\$78,221	\$80,117	\$82,063	\$84,057	\$86,103
**Surplus/Deficit	(\$539)	(\$4,373)	(\$939)	(\$821)	\$2,087	\$1,228	\$334	(\$595)	(\$1,560)	(\$2,562)	(\$3,603)	(\$4,684)
**Beginning FB	\$19,711	\$19,171	\$14,798	\$13,859	\$13,038	\$15,126	\$16,353	\$16,687	\$16,092	\$14,532	\$11,970	\$8,366
**Ending FB	\$19,171	\$14,798	\$13,859	\$13,038	\$15,126	\$16,353	\$16,687	\$16,092	\$14,532	\$11,970	\$8,366	\$3,683
3% Reserve Requirement	\$1,709	\$1,791	\$1,895	\$2,089	\$2,184	\$2,237	\$2,291	\$2,347	\$2,404	\$2,462	\$2,522	\$2,583
3% Reserve Excess	\$17,463	\$13,008	\$11,964	\$10,949	\$12,941	\$14,116	\$14,396	\$13,746	\$12,129	\$9,508	\$5,845	\$1,100
	922%	626%	531%	424%	492%	531%	528%	486%	405%	286%	132%	-57%

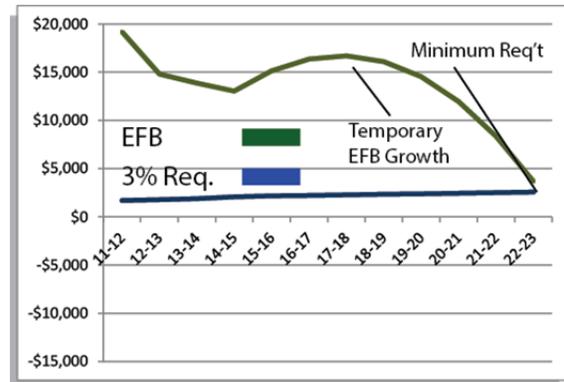
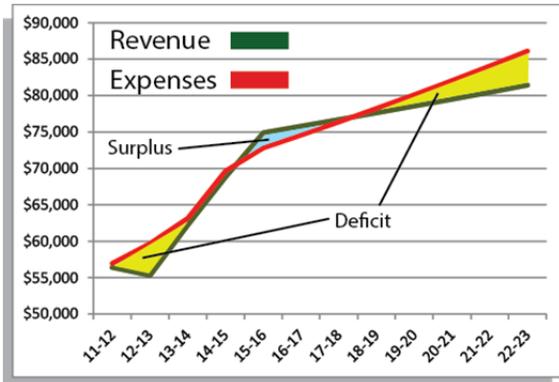
*Historical data from corresponding WUSD Certified Audited Financial Statements. **Does not include Other Financing Sources/Uses, since OFSU not reflective of operating income/expense.

Assumptions

- LCFF full funding reached by 15/16
- COLA of 1.2% fully funded all out-years
- Conservative salary increase in 15/16; no additional salary schedule increases in out-years
- Step & Column, STRS/PERS, statutory benefits, etc., increase at no more than historical rates
- Non-labor cost increases remain at historical rates (and below inflation as measured by COLA)
- No sudden, severe economic downturn - **highly optimistic assumption**

Points of Interest

- Surpluses in 15/16, 16/17, 17/18, with corresponding increases to EFB
- Due to compounding effect of non-elective cost increases occurring at higher rate than COLA revenue increases, DEFICIT SPENDING PATTERN RESUMES IN 18/19 WITHOUT ANY INCREASES TO THE SALARY SCHEDULE OR REDUCTIONS IN FUNDING.
- Due to prior increases to reserves, the District is nevertheless able to meet AB1200 requirements through 20/21, although clearly if the trend holds that will be the last fiscal year it is able to do so.



BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The District begins the budget process in January of each year. Time is allocated during the Board meeting for public input and Board direction. A proposed Final Budget is presented in early June, which reflects the latest known financial information, including the Governor's May Revise of the State Budget. By law, the Board of Trustees must adopt a Final Budget by June 30.

During the course of the fiscal year, the School District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on the State Budget adoption that are normally presented in August. District budget revisions include the First Interim which is presented in December, and Second Interim which is presented in March. As a result of ongoing changes in student enrollment throughout the year, the Original vs. Final budget analysis methodology can be misleading when applied to districts such as Westside which operate in a region as demographically dynamic as the Antelope Valley that experiences continuous significant growth or decline. For this reason, districts are required to continuously revise the Original budget with updates that reflect current factors and expectations.

FOR THE FUTURE

As the District prepares for 2016 and beyond, it continues to monitor the State of California's fiscal status, since the District receives the majority of its revenue from the State and must account for the risk of funding cuts as has occurred in the past.

Additionally, it is worth restating that although the financial statements currently show a healthy fund balance, the underfunded pension liabilities, the automatic cost increases due to contractually required salary adjustments and the inherent instability of the California state revenue generating process all present significant budget and fiscal management challenges. The District's ability to weather these crises will be determined by its continued commitment to responsible budgeting and spending, as well as its foresight in reserving adequate funds from prior years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Shawn Cabey, Assistant Superintendent, Administrative Services, Westside Union School District, 41914 N. 50th Street West, Quartz Hill, CA 93536.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
 JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash (Note 2)	\$ 56,445,218
Accounts Receivable (Note 3)	3,310,529
Inventory	90,366
Prepaid Expenses	277,726
Other Current Assets	158,974
Total Current Assets	60,282,813
Capital Assets: (Note 6)	
Land	4,942,009
Site Improvements	6,470,734
Buildings	91,839,932
Furniture and Equipment	7,284,965
Work in Progress	51,989,957
Less Accumulated Depreciation	(39,868,590)
Total Capital Assets	122,659,007
 TOTAL ASSETS	 182,941,820
 <u>DEFERRED OUTFLOWS OF RESOURCES</u> (Note 14)	 5,480,803
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	7,501,094
Unearned Revenues	1,359
Total Current Liabilities	7,502,453
Long-Term Liabilities: (Note 8)	
Portion Due or Payable Within One Year	4,012,336
Portion Due or Payable After One Year	145,294,568
Total Long-Term Liabilities	149,306,904
 TOTAL LIABILITIES	 156,809,357
 <u>DEFERRED INFLOWS OF RESOURCES</u> (Note 14)	 12,429,267
<u>NET POSITION</u>	
Net Investment in Capital Assets	31,998,681
Restricted for:	
Capital Projects	31,774,208
Debt Service	6,238,070
Educational Programs	1,087,104
Other Purposes (Expendable)	2,842,260
Other Purposes (Nonexpendable)	398,392
Unrestricted	(55,154,716)
 TOTAL NET POSITION	 \$ 19,183,999

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental:					
Instruction	\$ 46,868,569	\$ 1,058	\$ 7,252,448	\$ 68,235	\$ (39,546,828)
Instruction-Related Services:					
Supervision of Instruction	1,324,704	-	328,921	-	(995,783)
Instructional Library, Media and Technology	402,719	39	235	-	(402,445)
School Site Administration	4,285,813	-	103,033	-	(4,182,780)
Pupil Services:					
Home-to-School Transportation	2,676	-	2,676	-	-
Food Services	2,001,410	630,224	1,618,065	-	246,879
All Other Pupil Services	3,161,189	-	1,436,585	-	(1,724,604)
General Administration:					
Data Processing	733,242	-	-	-	(733,242)
All Other General Administration	4,534,156	33,706	505,942	-	(3,994,508)
Plant Services	7,092,889	63,901	394,078	-	(6,634,910)
Ancillary Services	90,078	576	6,125	-	(83,377)
Community Services	205	-	-	-	(205)
Enterprise Activities	448,250	-	-	-	(448,250)
Interest on Long-Term Debt	3,310,394	-	-	-	(3,310,394)
Other Outgo	1,646,822	33,049	369,124	-	(1,244,649)
Depreciation (Unallocated)	2,632,553	-	-	-	(2,632,553)
Total Governmental Activities	\$ 78,535,669	\$ 762,553	\$ 12,017,232	\$ 68,235	(65,687,649)
General Revenues:					
Taxes:					
Property Taxes, levied for general purposes					5,834,161
Property Taxes, levied for debt service					5,111,952
Property Taxes, levied for other specific purposes					1,695,213
Federal and State Aid not restricted to specific purposes					52,238,300
Interest and Investment Earnings					125,576
Miscellaneous					1,304,985
Total General Revenues					66,310,187
Change in Net Position					622,538
Net Position - July 1, 2014, as Previously Reported					74,416,372
Adjustment for Restatement (Note 17)					(55,854,911)
Net Position - July 1, 2014, as Restated					18,561,461
Net Position - June 30, 2015					\$ 19,183,999

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2015

	GENERAL FUND	BUILDING FUND	COUNTY SCHOOL FACILITIES FUND	SPECIAL RESERVE FUND	BOND INTEREST & REDEMPTION FUND	BLENDED COMPONENT UNIT DEBT SERVICE FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>								
Cash (Note 2)								
Cash in County Treasury	\$ 15,142,558	\$ 10,806,422	\$ 9,784,852	\$ 7,244,902	\$ 6,147,776	\$ 792,263	\$ 3,990,910	\$ 53,909,683
Cash on Hand and in Banks	300	-	-	-	-	-	9,364	9,664
Cash in Revolving Fund	30,000	-	-	-	-	-	300	30,300
Cash with Fiscal Agent	-	-	-	-	-	-	2,439,707	2,439,707
Accounts Receivable (Note 3)	543,068	42,764	31,612	23,376	-	1,557	946,800	1,589,177
Due from Grantor Government (Note 3)	1,721,145	-	-	-	-	-	-	1,721,145
Inventory	6,188	-	-	-	-	-	84,178	90,366
Prepaid Expenditures	277,726	-	-	-	-	-	-	277,726
Other Current Assets	158,974	-	-	-	-	-	-	158,974
TOTAL ASSETS	\$ 17,879,959	\$ 10,849,186	\$ 9,816,464	\$ 7,268,278	\$ 6,147,776	\$ 793,820	\$ 7,471,259	\$ 60,226,742
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities								
Accounts Payable	\$ 4,219,098	\$ 217,503	\$ 552,903	\$ 518	\$ -	\$ 703,526	\$ 148,565	\$ 5,842,113
Unearned Revenue	1,359	-	-	-	-	-	-	1,359
Total Liabilities	4,220,457	217,503	552,903	518	-	703,526	148,565	5,843,472
Fund Balances (Note 5)								
Nonspendable	313,914	-	-	-	-	-	84,478	398,392
Restricted	1,087,104	10,631,683	9,263,561	-	6,147,776	-	7,203,186	34,333,310
Assigned	9,949,196	-	-	7,267,760	-	90,294	35,030	17,342,280
Unassigned	2,309,288	-	-	-	-	-	-	2,309,288
Total Fund Balances	13,659,502	10,631,683	9,263,561	7,267,760	6,147,776	90,294	7,322,694	54,383,270
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,879,959	\$ 10,849,186	\$ 9,816,464	\$ 7,268,278	\$ 6,147,776	\$ 793,820	\$ 7,471,259	\$ 60,226,742

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total Fund Balances - Governmental Funds \$ 54,383,270

Amounts reported for government activities in the statement of net position are different because:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is \$162,527,597 and the accumulated depreciation is \$39,868,590. 122,659,007

Unmatured interest payable on Long-Term Debt. (1,658,982)

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities at year-end consist of:

General Obligation Bonds	\$	70,111,904	
Other Postemployment Benefits		10,711,236	
Capital Leases		723,422	
Compensated Absences		387,335	
Community Facilities Districts		19,825,000	
Net Pension Liability		<u>47,548,007</u>	(149,306,904)

In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:

Deferred outflows of resources related to pensions	5,480,803
Deferred inflows of resources related to pensions	(12,429,267)

Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. 56,071

Adjustment for Rounding 1

Total Net Position - Governmental Activities \$ 19,183,999

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	GENERAL FUND	BUILDING FUND	COUNTY SCHOOL FACILITIES FUND	SPECIAL RESERVE FUND	BOND INTEREST & REDEMPTION FUND	BLENDED COMPONENT UNIT DEBT SERVICE FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Local Control Funding Formula Sources								
State Apportionments	\$ 38,502,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,502,209
Education Protection Account Funds	11,718,395	-	-	-	-	-	-	11,718,395
Local Sources	5,834,160	-	-	-	-	-	-	5,834,160
Total LCFF Sources	56,054,764	-	-	-	-	-	-	56,054,764
Federal Revenues	2,956,494	-	-	-	-	-	1,564,988	4,521,482
Other State Revenues	4,199,077	-	-	-	64,367	-	123,546	4,386,990
Other Local Revenues	5,618,429	116,657	68,234	49,240	5,062,476	41,521	2,734,415	13,690,972
Total Revenues	68,828,764	116,657	68,234	49,240	5,126,843	41,521	4,422,949	78,654,208
EXPENDITURES								
Instruction	47,480,192	-	-	-	-	-	-	47,480,192
Instruction-Related Services:								
Supervision of Instruction	1,352,309	-	-	-	-	-	-	1,352,309
Instructional Library, Media and Technology	410,228	-	-	-	-	-	-	410,228
School Site Administration	4,393,953	-	-	-	-	-	-	4,393,953
Pupil Services:								
Home-to-School Transportation	2,676	-	-	-	-	-	-	2,676
Food Services	-	-	-	-	-	-	2,119,167	2,119,167
All Other Pupil Services	3,231,961	-	-	-	-	-	-	3,231,961
General Administration:								
Data Processing	1,332,830	-	-	-	-	-	-	1,332,830
All Other General Administration	3,232,109	-	-	-	-	-	150,354	3,382,463
Plant Services	6,340,701	259,032	-	-	-	-	607,406	7,207,139
Facilities Acquisition and Construction	18,471	8,585,017	1,270,121	5,615	-	-	436,356	10,315,580
Ancillary Services	91,859	-	-	-	-	-	-	91,859
Community Services	205	-	-	-	-	-	-	205
Other Outgo	1,646,418	-	-	-	-	-	403	1,646,821
Debt Service:								
Principal	90,196	-	-	-	1,845,884	-	325,000	2,261,080
Interest	26,314	-	-	-	1,940,786	-	1,005,801	2,972,901
Total Expenditures	69,650,422	8,844,049	1,270,121	5,615	3,786,670	-	4,644,487	88,201,364
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(821,658)	(8,727,392)	(1,201,887)	43,625	1,340,173	41,521	(221,538)	(9,547,156)
OTHER FINANCING SOURCES (USES)								
Interfund Transfers In (Note 4)	49,241	-	-	-	-	-	-	49,241
Interfund Transfers Out (Note 4)	-	-	-	(49,241)	-	-	-	(49,241)
Proceeds From Capital Leases	555,220	-	-	-	-	-	-	555,220
Total Other Financing Sources (Uses)	604,461	-	-	(49,241)	-	-	-	555,220
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(217,197)	(8,727,392)	(1,201,887)	(5,616)	1,340,173	41,521	(221,538)	(8,991,936)
FUND BALANCES - JULY 1, 2014	13,876,699	19,359,075	10,465,448	7,273,376	4,807,603	48,773	7,544,232	63,375,206
FUND BALANCES - JUNE 30, 2015	\$ 13,659,502	\$ 10,631,683	\$ 9,263,561	\$ 7,267,760	\$ 6,147,776	\$ 90,294	\$ 7,322,694	\$ 54,383,270

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$ (8,991,936)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$11,110,112 exceed depreciation expense of \$2,632,553 in the period.	8,477,559
Repayment of the long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,261,080
In the statement of activities, compensated absences (vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(29,357)
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities.	(555,220)
Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities.	55,748
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest expense is recorded when it is incurred.	(337,493)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis.	(405,582)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.	1,358,440
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported.	(356,153)
If a planned capital project is canceled and will not be completed, costs previously capitalized as work in progress must be written off to expense.	<u>(854,548)</u>
Change in Net Position of Governmental Activities	<u>\$ 622,538</u>

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
 JUNE 30, 2015

	Governmental Activities
	<u>Internal Service Fund</u>
<u>ASSETS</u>	
Cash (Note 2)	
Cash in County Treasury	\$ 55,864
Accounts Receivable (Note 3)	<u>207</u>
TOTAL ASSETS	<u>56,071</u>
<u>LIABILITIES</u>	
Liabilities	
Accounts Payable	<u>-</u>
<u>NET POSITION</u>	
Unrestricted (Note 5)	<u>\$ 56,071</u>

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Governmental Activities
	Internal Service Fund
Operating Revenues	
In-District Premiums	\$ 503,700
Operating Expenses	
Services and Other Operating Expenses	448,250
Operating Income	55,450
Non-Operating Income	
Interest	298
Change in Net Position	55,748
Net Position - July 1, 2014	323
Net Position - June 30, 2015	\$ 56,071

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Premiums	\$ 503,700
Cash Paid for Other Operating Expenses	(448,250)
Net Cash Provided by Operating Activities	55,450
Cash Flows from Financing Activities	
Interest Income	339
Net Increase in Cash	55,789
Cash - July 1, 2014	75
Cash - June 30, 2015	\$ 55,864

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2015

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash (Note 2)	
Cash on Hand and in Banks	\$ 64,472
TOTAL ASSETS	<u>\$ 64,472</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 16,736
Due to Student Groups	47,736
TOTAL LIABILITIES	<u>\$ 64,472</u>

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Westside Union School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

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

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund is used to account for the District's participation in the construction and acquisition of buildings and equipment.

County School Facilities Fund is used to account for funds received from the State Allocation Board for construction of facilities.

Special Reserve Fund is used to provide the accumulation of General Fund monies for capital outlay projects.

Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Blended Component Unit - Debt Service Fund is used to account for the transactions of the Community Facilities Districts.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service and capital outlay and that compose a substantial portion of the fund's resources. The District maintains three nonmajor special revenue funds.

- Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service operations.
- Deferred Maintenance Fund is used for the purpose of major repair or replacement of the District's existing school building components. Due to the implementation of GASB 54, the Deferred Maintenance Fund has been combined with the General Fund.

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- Special Reserve Fund for Postemployment Benefits is used to account for amounts the District has earmarked for the future costs of retiree benefits. Due to the implementation of GASB 54, the Special Reserve Fund for Postemployment Benefits has been combined with the General Fund.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains two nonmajor capital projects funds.

- Capital Facilities Fund is used to account for resources from developer fees and expended for maintenance of District facilities.
- Blended Component Unit - Capital Projects Fund is used to account for the transactions of the Community Facilities Districts.

Proprietary Funds:

Internal Service Funds are used to account for services rendered on a cost reimbursement basis within the District. The District maintains one internal service fund, the Self Insurance Fund, which is used to account for the costs associated with retiree benefits.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

Reporting Entities

The Westside Union School District (the District) and the Westside Union School District Community Facilities Districts (CFDs) Nos. 2005-1, 2005-2, 2005-3 and 2007-1 have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, The Financial Reporting Entity, for inclusion of the CFDs as component units of the District. Accordingly, the financial activities of the CFDs have been included in the financial statements of the District. The CFDs were created for the sole purpose of financing the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including elementary and secondary school sites and structures, and other governmental facilities which the District is authorized by law to contract, own or operate in order to meet increased demands placed upon the District as a result of developments or rehabilitation occurring within the area covered by CFDs Nos. 2005-1, 2005-2, 2005-3 and 2007-1.

The following are those aspects of the relationship between the District and the CFDs which satisfy GASB Statement No. 14 criteria.

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Oversight Responsibility:

1. The CFDs' legislative body is composed of the members of the District's Board of Trustees.
2. The District is able to impose its will upon the CFDs, based on the following:
 - All major financing arrangements, contracts and other transactions of the CFDs must have the consent of the District.
 - The District exercises significant influence over operations of the CFDs. The facilities to be financed by the CFDs are determined by the District and all facilities financed by the CFDs will be owned and operated by the District.
3. The CFDs provide specific financial benefits or imposes specific financial burdens on the District based on the following:
 - The major revenue sources of the CFDs are the special taxes levied on properties located in the Project area. The rate of special taxes to be levied and collected are determined by the Board of Trustees of the District.

Financial Presentation

For financial presentation purposes, the CFDs' financial activity has been blended or combined with the financial data of the District. The financial statements present the CFDs' financial activity within the Blended Component Units.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

WESTSIDE UNION SCHOOL DISTRICT
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Fund Financial Statements:

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

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position for proprietary funds presents increases (i.e., revenues) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Fiduciary funds are reported using the economic resources measurement focus.

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. 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.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "Available" means collectible within the current period or within 60 days after year-end.

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

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basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

Budgets and Budgetary Accounting

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

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2015.

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

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

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Encumbrances

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

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 equivalents also include cash with County treasury balances for purposes of the Statement of Cash Flows.

Inventory

Inventory in the General Fund and Cafeteria Fund consists mainly of expendable supplies held for consumption. Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and the cost is recorded as an expenditure at the time individual inventory items are requisitioned. Inventories are valued on the weighted average method. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Playground Equipment	20
Office Furniture and Equipment	5-10
Computer Equipment	5
Licensed Vehicles	8
Land Improvements	20
School/Office Buildings	50
Construction in Progress	0
Portable Structures	25
Building Improvements/Personal Property	20
Audio/Visual Equipment	10
Food Services	15
Maintenance & Operations Vehicles/Equipment	15
Communications Equipment	10

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Interfund Balances

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

Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Reserves and Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District's highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

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When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a new Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including LCFF and most state categorical programs. Full implementation of LCFF is estimated to be in fiscal year 2020-21. Until then, the District will receive approximately the same level of funding as in 2012-13, plus an additional amount each year to bridge the gap between current year funding and the LCFF target levels.

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The county is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

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

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

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

Change in Accounting Policies

- In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

The Statement requires numerous new pension disclosures in the notes to the financial statements and two new 10-year schedules as required supplementary information. Also, for the first time, the District is required to recognize pension expense, report deferred outflows of resources and deferred inflows of resources related to pensions and record a net pension liability for its proportionate share of the net pension liability for CalPERS and CalSTRS. The District will also record its proportionate share of the collective pension expense, collective deferred outflows of resources and deferred inflows of resources related to pensions. The reporting of these new amounts on the government-wide financial statements, along with the effect of the restatement of the beginning net position, if any, will also affect the District's government-wide net position.

- In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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2. CASH AND INVESTMENTS

Cash at June 30, 2015, consists of the following:

	Governmental Funds	Proprietary Fund	Fiduciary Funds	Total
Pooled Funds:				
Cash in County Treasury	\$ 53,909,683	\$ 55,864	\$ -	\$ 53,965,547
Deposits:				
Cash on Hand and in Banks	9,664	-	64,472	74,136
Cash in Revolving Fund	30,300	-	-	30,300
Cash with Fiscal Agent	2,439,707	-	-	2,439,707
Total	<u>\$ 56,389,354</u>	<u>\$ 55,864</u>	<u>\$ 64,472</u>	<u>\$ 56,509,690</u>

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 investment pool (\$24,197,826,844 as of June 30, 2015). The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2015, as provided by the pool sponsor, was \$24,172,594,031. The County is required by Government Code Section 53635 pursuant to Section 53601 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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately \$53,909,273 and an amortized book value of \$53,965,547. The average weighted maturity for this pool is 595 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2015, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2015, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consists of the following:

	GENERAL FUND	BUILDING FUND	COUNTY SCHOOL FACILITIES FUND	SPECIAL RESERVE FUND	BLENDED COMPONENT UNIT DEBT SERVICE FUND	ALL OTHER GOVERNMENTAL FUNDS	PROPRIETARY FUND	TOTAL
Accounts Receivable								
Federal Sources								
Child Nutrition Program	\$ -	\$ -	\$ -	\$ -	\$ -	212,826	\$ -	\$ 212,826
State Sources								
Child Nutrition Program	-	-	-	-	-	16,257	-	16,257
Local Sources								
Local Government	318,036	-	-	-	-	703,526	-	1,021,562
Interest	41,712	42,764	31,612	23,376	1,557	13,115	207	154,343
Other	183,320	-	-	-	-	1,076	-	184,396
Total Accounts Receivable	543,068	42,764	31,612	23,376	1,557	946,800	207	1,589,384
Due from Grantor Government								
Federal Sources								
Categorical Aid Programs	870,060	-	-	-	-	-	-	870,060
State Sources								
Categorical Aid Programs	851,085	-	-	-	-	-	-	851,085
Total Due from Grantor Government	1,721,145	-	-	-	-	-	-	1,721,145
Total Receivables	\$ 2,264,213	\$ 42,764	\$ 31,612	\$ 23,376	\$ 1,557	\$ 946,800	\$ 207	\$ 3,310,529

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Individual interfund transfers for the 2014-15 fiscal year were as follows:

<u>TRANSFER FROM</u>	<u>TRANSFERS TO</u>
	<u>GENERAL FUND</u>
Special Reserve Fund	\$ 49,241

5. FUND BALANCE

Ending fund balance in the individual fund types is composed of the following elements:

	GENERAL FUND	BUILDING FUND	COUNTY SCHOOL FACILITIES FUND	SPECIAL RESERVE FUND	BOND INTEREST & REDEMPTION FUND	BLENDED COMPONENT UNIT DEBT SERVICE FUND	PROPRIETARY FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Nonspendable:									
Revolving Fund	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 30,300
Inventory	6,188	-	-	-	-	-	-	84,178	90,366
Prepaid Expenditures	277,726	-	-	-	-	-	-	-	277,726
Total Nonspendable Balances	313,914	-	-	-	-	-	-	84,478	398,392
Restricted for:									
Legally Restricted Balances	1,087,104	10,631,683	9,263,561	-	6,147,776	-	-	7,203,186	34,333,310
Assigned to:									
14/15 WUTA Medi-gap	420,000	-	-	-	-	-	-	-	420,000
14/15 Multi-year Payroll Deficit Reserve	9,454,497	-	-	-	-	-	-	-	9,454,497
Other Assignments	74,699	-	-	7,267,760	-	90,294	-	35,030	7,467,783
Total Assigned Balances	9,949,196	-	-	7,267,760	-	90,294	-	35,030	17,342,280
Unassigned for:									
Reserve for Economic Uncertainties	2,309,288	-	-	-	-	-	-	-	2,309,288
Unrestricted Net Position	-	-	-	-	-	-	56,071	-	56,071
Total Fund Balances	\$ 13,659,502	\$ 10,631,683	\$ 9,263,561	\$ 7,267,760	\$ 6,147,776	\$ 90,294	\$ 56,071	\$ 7,322,694	\$ 54,439,341

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2015, is shown below:

PRIMARY GOVERNMENT				
	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Land	\$ 4,942,009	\$ -	\$ -	\$ 4,942,009
Site Improvements	6,435,955	34,779	-	6,470,734
Buildings	61,950,426	29,889,506	-	91,839,932
Furniture and Equipment	7,635,628	666,926	1,017,589	7,284,965
Work in Progress	72,325,604	10,443,186	30,778,833	51,989,957
	Total at Historical Cost	41,034,397	31,796,422	162,527,597
Less Accumulated Depreciation for:				
Site Improvements	4,692,172	166,196	-	4,858,368
Buildings	27,460,977	2,198,302	-	29,659,279
Furniture and Equipment	5,744,324	268,055	661,436	5,350,943
	Total Accumulated Depreciation	2,632,553	661,436	39,868,590
Governmental Activities Capital Assets, Net	\$ 115,392,149	\$ 38,401,844	\$ 31,134,986	\$ 122,659,007

7. OPERATING LEASES

The District leases seven relocatable classrooms and one relocatable restroom under operating leases. Annual payments are due on August 1 of each year. At June 30, 2015, the future minimum rental commitments are as follows:

Year Ending June 30	Lease Payment
2016	\$ 46,772
Total	\$ 46,772

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

8. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2015, is shown below:

	Balance*			Balance	Amounts
	July 1, 2014	Additions	Deductions	June 30, 2015	Due Within
					One Year
General Obligation Bonds	\$ 71,957,788	\$ -	\$ 1,845,884	\$ 70,111,904	\$ 3,495,537
Other Postemployment Benefits	10,305,654	405,582	-	10,711,236	-
Capital Lease Agreements	258,398	555,220	90,196	723,422	156,799
Compensated Absences	357,978	29,357	-	387,335	-
Community Facilities Districts	20,150,000	-	325,000	19,825,000	360,000
Net Pension Liability	59,149,565	-	11,601,558	47,548,007	-
Total	\$ 162,179,383	\$ 990,159	\$ 13,862,638	\$ 149,306,904	\$ 4,012,336

* Restated

9. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2015, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2014	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2015
1989 Series C	11/1/1996	8/1/2015	3.60-6.00%	\$ 7,795,000	\$ 985,000	\$ -	\$ 685,000	\$ 300,000
1998 Series A	2/1/1999	8/1/2023	3.00-3.06%	7,257,875	4,853,006	-	257,292	4,595,714
2001 Series A	9/1/2001	8/1/2026	3.25-5.42%	3,800,718	3,159,189	-	92,494	3,066,695
2002 Series A	12/1/2002	8/1/2027	2.00-5.99%	3,641,250	2,631,810	-	111,098	2,520,712
2008 Series A	9/10/2009	8/1/2034	3.00-6.35%	9,989,852	9,329,852	-	50,000	9,279,852
2008 Series B	7/26/2010	8/1/2050	2.00-6.67%	34,998,931	32,488,931	-	650,000	31,838,931
2012 Series A	4/22/2014	8/1/2025	2.00-4.00%	13,510,000	13,510,000	-	-	13,510,000
2012 Series B	4/22/2014	8/1/2019	2.00-4.00%	5,000,000	5,000,000	-	-	5,000,000
				\$ 85,993,626	\$ 71,957,788	\$ -	\$ 1,845,884	\$ 70,111,904

The annual requirement to amortize the 1989 Series C General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 300,000	\$ 16,125	\$ 316,125
Total	\$ 300,000	\$ 16,125	\$ 316,125

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

The annual requirement to amortize the 1998 Series A General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 457,318	\$ 552,682	\$ 1,010,000
2017	588,253	786,747	1,375,000
2018	578,578	846,422	1,425,000
2019	568,986	911,014	1,480,000
2020	558,448	976,552	1,535,000
2021-24	<u>1,844,131</u>	<u>4,900,869</u>	<u>6,745,000</u>
Total	<u>\$ 4,595,714</u>	<u>\$ 8,974,286</u>	<u>\$ 13,570,000</u>

The annual requirement to amortize the 2001 Series A General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 98,945	\$ 116,055	\$ 215,000
2017	104,414	135,586	240,000
2018	111,046	158,954	270,000
2019	114,696	180,304	295,000
2020	121,292	208,709	330,001
2021-25	1,211,243	2,903,756	4,114,999
2026-27	<u>1,305,059</u>	<u>3,824,941</u>	<u>5,130,000</u>
Total	<u>\$ 3,066,695</u>	<u>\$ 7,528,305</u>	<u>\$ 10,595,000</u>

The annual requirement to amortize the 2002 Series A General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 114,274	\$ 125,726	\$ 240,000
2017	118,969	146,031	265,000
2018	137,569	187,431	325,000
2019	141,684	213,316	355,000
2020	142,766	237,234	380,000
2021-25	725,400	1,589,600	2,315,000
2026-28	<u>1,140,050</u>	<u>3,194,579</u>	<u>4,334,629</u>
Total	<u>\$ 2,520,712</u>	<u>\$ 5,693,917</u>	<u>\$ 8,214,629</u>

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

The annual requirement to amortize the 2008 Series A General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,000	\$ 16,638	\$ 91,638
2017	110,000	13,400	123,400
2018	130,000	9,037	139,037
2019	165,000	44,908	209,908
2020	131,784	94,623	226,407
2021-25	828,270	1,105,100	1,933,370
2025-30	3,422,762	7,699,333	11,122,095
2031-35	4,417,036	13,979,484	18,396,520
Total	<u>\$ 9,279,852</u>	<u>\$ 22,962,523</u>	<u>\$ 32,242,375</u>

The annual requirement to amortize the 2008 Series B General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 725,000	\$ 923,363	\$ 1,648,363
2017	810,000	892,663	1,702,663
2018	915,000	858,163	1,773,163
2019	1,020,000	819,463	1,839,463
2020	1,115,000	776,763	1,891,763
2021-25	7,490,000	3,018,119	10,508,119
2026-30	4,475,000	1,285,125	5,760,125
2031-35	45,466	1,090,784	1,136,250
2036-40	4,205,072	21,730,084	25,935,156
2041-45	7,079,136	25,871,626	32,950,762
2046-50	3,337,955	38,769,406	42,107,361
2051	621,302	9,098,698	9,720,000
Total	<u>\$ 31,838,931</u>	<u>\$ 105,134,257</u>	<u>\$ 136,973,188</u>

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

The annual requirement to amortize the 2012 Series A General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 635,000	\$ 460,550	\$ 1,095,550
2017	650,000	447,850	1,097,850
2018	455,000	434,850	889,850
2019	550,000	425,750	975,750
2020	605,000	409,750	1,014,750
2021-25	9,390,000	1,376,350	10,766,350
2026	<u>1,225,000</u>	<u>49,000</u>	<u>1,274,000</u>
Total	<u>\$ 13,510,000</u>	<u>\$ 3,604,100</u>	<u>\$ 17,114,100</u>

The annual requirement to amortize the 2012 Series B General Obligation Bonds payable, outstanding at June 30, 2015, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,090,000	\$ 145,200	\$ 1,235,200
2017	1,110,000	123,400	1,233,400
2018	1,080,000	101,200	1,181,200
2019	830,000	68,800	898,800
2020	<u>890,000</u>	<u>35,600</u>	<u>925,600</u>
Total	<u>\$ 5,000,000</u>	<u>\$ 474,200</u>	<u>\$ 5,474,200</u>

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

The total annual requirement to amortize General Obligation Bonds payable, outstanding at June 30, 2015, is summarized below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,495,537	\$ 2,356,339	\$ 5,851,876
2017	3,491,636	2,545,677	6,037,313
2018	3,407,193	2,596,057	6,003,250
2019	3,390,366	2,663,555	6,053,921
2020	3,564,290	2,739,231	6,303,521
2021-25	21,489,044	14,893,795	36,382,839
2026-30	11,567,871	15,052,978	26,620,849
2031-35	4,462,502	15,070,268	19,532,770
2036-40	4,205,072	21,730,084	25,935,156
2041-45	7,079,136	25,871,626	32,950,762
2046-50	3,337,955	38,769,406	42,107,361
2051	621,302	9,098,698	9,720,000
Total	<u>\$ 70,111,904</u>	<u>\$ 153,387,714</u>	<u>\$ 223,499,618</u>

10. OTHER POSTEMPLOYMENT BENEFITS

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* in the fiscal year ended June 30, 2009. This implementation allows the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description. The District provides health benefits to approximately 509 eligible active employees and 31 retirees. In general, the District provides a contribution towards health benefits to eligible retirees and their eligible dependents to age 65 up to a monthly maximum. The District's maximum contribution varies by employee groups and upon the retiree's attainment of age 65 reduces to the CalPERS minimum required employer contribution. Eligibility for retiree health benefits requires a certificated employee to retire from the District on or after age 55 with at least 10 years of service. Classified employees are eligible at age 58 with ten years of service or age 55 with 20 years of service.

Funding Policy. The District pays for retirement costs on a pay-as-you-go basis.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (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 un-funded actuarial liabilities 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 paid from the plan, and changes in the District's net OPEB obligation.

	Government Activities
Annual required contribution (ARC)	\$ 1,165,062
Interest on net OPEB	412,226
Adjustment to ARC	(595,977)
Annual OPEB cost (expense)	981,311
Contribution made	(575,729)
Increase in OPEB obligation	405,582
OPEB obligation at beginning of year	10,305,654
OPEB obligation at end of year	\$ 10,711,236

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the OPEB obligation for 2014 was:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 2,061,079	21%	\$ 9,782,494
6/30/2014	990,639	47%	10,305,654
6/30/2015	981,311	59%	10,711,236

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$9,782,494. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2014-15 fiscal year was \$40,191,170 for a ratio of the UAAL to covered payroll of 24.34%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

Actuarial Methods and Assumptions. The liabilities set forth in the actuarial study are based on the actuarial assumptions described below:

Fiscal Year: July 1st to June 30th

Measurement Date: July 1, 2012

Discount Rate: Results using discount rates associated with alternative funding arrangements are presented in the valuation report as follows:

4.0% per annum. This discount rate assumes the District continues to pre-fund for its retiree health benefits outside of a GASB eligible trust under its current investment policy

Salary Increases: 3.25% per annum, in aggregate

Actuarial Cost Method: Projected Unit Credit

Trend Rate: The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets forth the trend assumptions used for the valuation:

<u>Year</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
2012	8.0%	4.0%	4.0%
2013	7.0%	4.0%	4.0%
2014	6.0%	4.0%	4.0%
2015+	5.0%	4.0%	4.0%

11. CAPITAL LEASE AGREEMENT

The District has entered into a capital lease for copy machines. Future minimum lease payments under this agreement are as follow:

<u>Year Ending June 30</u>	<u>Lease Payment</u>
2016	\$ 156,799
2017	161,978
2018	173,602
2019	155,604
2020	72,439
Total	<u>\$ 720,422</u>

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

12. COMPENSATED ABSENCES

The total unpaid employee compensated absences as of June 30, 2015, amounted to \$387,335 and is included in the General Long-Term Debt.

13. COMMUNITY FACILITIES DISTRICTS

- A. In January 2006, Community Facilities District 2005-1 issued Special Tax Bonds, Series 2005 in the aggregate amount of \$7,870,000. Proceeds of the bonds will be used primarily to finance 1) the acquisition and construction of certain school facilities; 2) the acquisition and construction of certain sewer facilities; and 3) certain water improvements, all with respect to the property in the CFD.

The annual requirements to amortize the bonds outstanding at June 30, 2015, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 175,000	\$ 343,135	\$ 518,135
2017	180,000	334,703	514,703
2018	190,000	325,751	515,751
2019	200,000	316,120	516,120
2020	210,000	305,870	515,870
2021-25	1,215,000	1,355,553	2,570,553
2026-30	1,560,000	998,288	2,558,288
2031-35	2,025,000	529,594	2,554,594
2036-37	<u>965,000</u>	<u>51,319</u>	<u>1,016,319</u>
Total	<u>\$ 6,720,000</u>	<u>\$ 4,560,333</u>	<u>\$ 11,280,333</u>

- B. In November 2006, Community Facilities District 2005-2 issued Special Tax Bonds, Series 2006 in the aggregate amount of \$3,770,000. Proceeds of the bonds will be used primarily to finance 1) the acquisition and construction of certain school facilities and improvements; and 2) fees of the Los Angeles County Sanitation District, all with respect to the property of the CFD.

The annual requirements to amortize the bonds outstanding at June 30, 2015, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 50,000	\$ 176,973	\$ 226,973
2017	55,000	174,635	229,635
2018	65,000	171,918	236,918
2019	70,000	168,830	238,830
2020	80,000	165,360	245,360
2021-25	550,000	753,750	1,303,750
2026-30	840,000	581,750	1,421,750
2031-35	1,245,000	323,125	1,568,125
2036-37	<u>635,000</u>	<u>32,375</u>	<u>667,375</u>
Total	<u>\$ 3,590,000</u>	<u>\$ 2,548,716</u>	<u>\$ 6,138,716</u>

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

- C. In November 2006, Community Facilities District 2005-3 issued Special Tax Bonds, Series 2006 in the aggregate amount of \$10,125,000. Proceeds of the bonds will be used primarily to finance 1) the acquisition and construction of certain school facilities and improvements; 2) certain sewer facilities; 3) facility and meter connection fees of the Water District; 4) connection fees of the Water Agency, and 5) certain city fees, all with respect to the property in the CFD.

The annual requirements to amortize the bonds outstanding at June 30, 2015, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 135,000	\$ 470,131	\$ 605,131
2017	150,000	463,573	613,573
2018	170,000	456,090	626,090
2019	190,000	447,582	637,582
2020	215,000	437,910	652,910
2021-25	1,455,000	1,996,375	3,451,375
2026-30	2,265,000	1,535,625	3,800,625
2031-35	3,275,000	846,375	4,121,375
2036-37	1,660,000	84,500	1,744,500
Total	<u>9,515,000</u>	<u>6,738,161</u>	<u>16,253,161</u>
Grand Total	<u>\$ 19,825,000</u>	<u>\$ 13,847,211</u>	<u>\$ 33,672,211</u>

14. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). Benefit provisions under the plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalPERS and CalSTRS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Provided

CalPERS and CalSTRS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of service credit for each year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

The plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	CalPERS		CalSTRS	
	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>
Hire Date	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	6.974%	6.974%	8.150%	8.150%
Required employer contribution rates	11.771%	11.771%	8.880%	8.880%

*Amounts are limited to 120% of Social Security Wage Base.

Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (measurement date), the average active employee contribution rate is 6.974% of annual pay and the employer's contribution rate is 11.442% of annual payroll.

Contributions - CalSTRS

For the measurement period ended June 30, 2014 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions of 8% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 8.25% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary by June 30, 2046.

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2014 (measurement date), the State contributed 5.204002% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On-behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

Contributions Recognized

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each plan were as follows:

	<u>CalPERS</u>	<u>CalSTRS</u>
Contributions - Employer	\$ 783,086	\$ 2,511,568
Contributions - Employee (paid by employer)	479,077	2,435,460
Contributions - State On-Behalf Payments	<u>-</u>	<u>950,443</u>
Total	<u>\$ 1,262,163</u>	<u>\$ 5,897,471</u>

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

As of June 30, 2015, the District reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 7,401,788
CalSTRS	<u>40,146,219</u>
Total Net Pension Liability	<u>\$ 47,548,007</u>

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2014. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. Although a valid comparison of the District's proportionate share at June 30, 2014, to its proportionate share at June 30, 2013, is not available in the first year of implementation of GASB Statement No. 68, that disclosure will be available in subsequent years.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$4,112,363. At June 30, 2015, 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	\$ 5,480,803	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	-	12,429,267
	-	12,429,267
Total	\$ 5,480,803	\$ 12,429,267

\$5,480,803 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30			
2016	\$	3,107,317	
2017		3,107,317	
2018		3,107,317	
2019		3,107,316	
		3,107,316	
Total	\$	12,429,267	

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

Actuarial Assumptions

The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

	<u>CalPERS</u>	<u>CalSTRS</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.50%	7.60%
Inflation	2.75%	3.00%
Payroll Growth	3.00%	3.75%
Projected Salary Increase	3.20%-10.80% *	0.05%-5.60% *
Investment Rate of Return	7.50% #	7.60% #
Mortality	0.0125%-0.45905% &	0.013%-0.435% &

* Depending on age, service and type of employment

Net of pension plan investment expenses, including inflation

& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for CalPERS and 7.60% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan.

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS and CalSTRS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS and CalSTRS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalPERS and CalSTRS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2017-18 fiscal year. CalPERS and CalSTRS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

In determining the long-term expected rate of return, CalPERS and CalSTRS 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 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 quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Strategic Allocation	Real Return (Years 1-10) *	Real Return (Years 11+) #
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

* An expected inflation of 2.5% used for this period

An expected inflation of 3.0% used for this period

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

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

	CalPERS	CalSTRS
1% Decrease	6.50%	6.60%
Net Pension Liability	\$ 12,984,425	\$ 62,577,456
Current Discount Rate	7.50%	7.60%
Net Pension Liability	\$ 7,401,788	\$ 40,146,219
1% Increase	8.50%	8.60%
Net Pension Liability	\$ 2,736,931	\$ 21,442,644

Pension Plan Fiduciary Net Position

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

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

15. JOINT POWERS AGREEMENTS

The Westside Union School District participates in four joint ventures under joint powers agreements (JPAs). The relationships between the Westside Union School District and the JPAs are such that none of the JPAs are a component unit of the Westside Union School District for financial reporting purposes.

The Antelope Valley Schools Transportation Agency (AVSTA) provides student transportation services on a fee for service basis for its four members; Antelope Valley Union High School District, Keppel Union School District, Lancaster School District and Westside Union School District. The AVSTA is governed by a board consisting of a representative from each member district. The Board controls the operations of the AVSTA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district payment fees are based upon the level of service provided to the district.

The Self Insurance Risk Management Authority (SIRMA) Workers' Compensation arranges for and provides workers' compensation insurance for its seventeen members. All members except two are public school districts. The two non public school district members are Joint Powers Authorities consisting of several public school districts. All of the members of the SIRMA Workers' Compensation are located in the northern part of Los Angeles County.

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

The Partners in Nutrition Cooperative (PINCO) provides services to as many as 40 school districts in California. PINCO provides buying, warehousing and distribution of food product services to the participating member districts. In addition, PINCO manages the receipt, diversion, processing and distribution of USDA donated commodities for the member districts. Operational authority rests with the Lead District Board of Trustees. The Lead District is advised by an Advisory Committee which is comprised of one appointed representative from each of the member districts.

The Self-Insured Schools of California (SISC II) Property and Liability Program provides a risk management pool for the benefit of public schools, colleges or other educational agencies. Members include educational agencies throughout the State of California. The program is governed by a Board of Directors that is elected from and by representatives of member districts.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

Condensed financial information of the JPAs is as follows:

	<u>AVSTA</u>	<u>PINCO</u>	<u>SISC II</u>
	Unaudited June 30, 2015	Unaudited June 30, 2015	Audited June 30, 2014
Total Assets	\$ 2,102,796	\$ 5,564,749	\$ 50,023,438
Total Liabilities	<u>12,089</u>	<u>150,523</u>	<u>27,364,193</u>
Net Position	<u>\$ 2,090,707</u>	<u>\$ 5,414,226</u>	<u>\$ 22,659,245</u>
Total Revenues	\$ 12,851,844	\$ 18,315,136	\$ 17,220,101
Total Expenditures	<u>12,388,237</u>	<u>17,911,271</u>	<u>15,762,248</u>
Net Increase (Decrease) in Net Position	<u>\$ 463,607</u>	<u>\$ 403,865</u>	<u>\$ 1,457,853</u>

Condensed financial information for SIRMA was not available.

16. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that 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.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

C. Construction Commitments

As of June 30, 2015, the District had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Johnson Control Energy Project	\$ 1,982	November 2015
Anaverde Hills School	676,157	February 2016
Gregg Anderson	55,009	August 2015
Esperanza Kindergarten Expansion	32,254	August 2015
Educational Sevices Building Improvements	44,979	December 2015
21st Century Technology Upgrade	1,929,015	March 2016
21st Century Classroom Technology	2,106,764	January 2016
Relocate Modular Classrooms	167,231	October 2015
Quartz Hill Preschool Outside Area	5,275	August 2015
Cottonwood Modernization	964,350	August 2015

17. ADJUSTMENT FOR RESTATEMENT

As a result of the implementation of GASB Statement No. 68, the net position at July 1, 2014, was restated by \$(55,854,911) to reflect the beginning balance of Net Pension Liability and Deferred Outflows of Resources.

18. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2015, expenditures exceeded appropriations in General Fund as follows:

<u>Appropriation Category</u>	<u>Excess Expenditures</u>
Employee Benefits	\$ 1,289,134
Direct Support/Indirect Cost	9,439
Debt Service:	
Principal	7,602
Interest	1,110

Required Supplementary
Information

WESTSIDE UNION SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive-(Negative)
	Original	Final		
REVENUES				
Local Control Funding Formula Sources				
State Apportionments	\$ 40,317,197	\$ 40,728,419	\$ 38,502,209	\$ (2,226,210)
Education Protection Account Funds	10,075,617	9,793,666	11,718,395	1,924,729
Local Sources	4,997,239	5,805,115	5,834,160	29,045
Total LCFF Sources	55,390,053	56,327,200	56,054,764	(272,436)
Federal Revenues	2,386,658	3,045,927	2,956,494	(89,433)
Other State Revenues	2,020,816	2,492,976	4,199,077	1,706,101
Other Local Revenues	5,155,121	5,481,803	5,617,855	136,052
Total Revenues	64,952,648	67,347,906	68,828,190	1,480,284
EXPENDITURES				
Certificated Salaries	34,279,304	34,562,811	34,138,990	423,821
Classified Salaries	10,488,753	10,218,376	10,182,326	36,050
Employee Benefits	13,918,190	13,772,428	15,061,562	(1,289,134)
Books and Supplies	3,460,059	4,525,182	3,112,025	1,413,157
Services and Other Operating Expenditures	4,685,716	5,367,728	4,875,593	492,135
Other Outgo	1,872,750	1,908,945	1,646,418	262,527
Direct Support/Indirect Costs	(103,878)	(121,943)	(112,504)	(9,439)
Capital Outlay	395,116	1,042,216	628,102	414,114
Debt Service:				
Principal	244,483	82,594	90,196	(7,602)
Interest	46,878	25,204	26,314	(1,110)
Total Expenditures	69,287,371	71,383,541	69,649,022	1,734,519
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(4,334,723)	(4,035,635)	(820,832)	3,214,803
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	4,000	4,000	49,241	45,241
Proceeds from Capital Leases	-	-	555,220	555,220
Total Other Financing Sources (Uses)	4,000	4,000	604,461	600,461
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES AND				
OTHER FINANCING SOURCES (USES)	\$ (4,330,723)	\$ (4,031,635)	(216,371)	\$ 3,815,264
FUND BALANCE - JULY 1, 2014			13,801,174	
FUND BALANCE - JUNE 30, 2015			\$ 13,584,803	

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
OTHER POSTEMPLOYMENT BENEFITS (OPEB) SCHEDULE
OF FUNDING PROGRESS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
July 1, 2007	\$ -	\$ 8,669,000	\$ 8,669,000	-	\$ 33,229,267	26.09%
July 1, 2010	-	8,162,416	8,162,416	-	33,597,000	24.30%
July 1, 2012	-	9,782,494	9,782,494	-	33,034,226	29.61%

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Fiscal Year 2015
District's proportion of the net pension liability (asset)		0.0652%
District's proportionate share of the net pension liability (asset)	\$	7,401,788
District's covered-employee payroll	\$	6,843,961
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		108.15%
Plan fiduciary net position as a percentage of the total pension liability		83.38%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALPERS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Fiscal Year 2015
Contractually required contribution	\$	783,086
Contributions in relation to the contractually required contribution		783,086
Contribution deficiency (excess)	\$	-
District's covered-employee payroll	\$	6,843,961
Contributions as a percentage of covered-employee payroll		11.442%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Fiscal Year 2015
District's proportion of the net pension liability (asset)	0.06870%
District's proportionate share of the net pension liability (asset)	\$ 40,146,219
State's proportionate share of the net pension liability (asset) associated with the District	22,001,530,500
Total	\$ 22,041,676,719
District's covered-employee payroll	\$ 30,443,248
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	131.87%
Plan fiduciary net position as a percentage of the total pension liability	76.52%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Fiscal Year 2015
Contractually required contribution	\$ 2,511,568
Contributions in relation to the contractually required contribution	2,511,568
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	\$ 30,443,248
 Contributions as a percentage of covered-employee payroll	8.25%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

The Notes to Financial Statements are an integral part of this statement.

Supplementary Information

WESTSIDE UNION SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUND
 JUNE 30, 2015

	CAFETERIA FUND
<u>ASSETS</u>	
Cash	
Cash in County Treasury	\$ 2,372,316
Cash on Hand and in Banks	9,364
Cash in Revolving Fund	300
Cash with Fiscal Agent	72,257
Accounts Receivable	236,610
Inventory	84,178
	\$ 2,775,025
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ 63,535
Fund Balance	
Nonspendable	84,478
Restricted	2,627,012
	2,711,490
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,775,025

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	CAFETERIA FUND
<u>REVENUES</u>	
Federal Revenues	\$ 1,564,988
Other State Revenues	123,546
Other Local Revenues	679,374
Total Revenues	2,367,908
<u>EXPENDITURES</u>	
Pupil Services:	
Food Services	2,119,167
General Administration:	
All Other General Administration	112,504
Plant Services	245
Total Expenditures	2,231,916
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	135,992
<u>FUND BALANCE - JULY 1, 2014</u>	2,575,498
<u>FUND BALANCE - JUNE 30, 2015</u>	\$ 2,711,490

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2015

	<u>CAPITAL FACILITIES FUND</u>	<u>BLENDED COMPONENT UNIT CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash			
Cash in County Treasury	\$ 1,504,860	\$ 113,734	\$ 1,618,594
Cash with Fiscal Agent	-	2,367,450	2,367,450
Accounts Receivable	5,906	704,284	710,190
	<u>5,906</u>	<u>704,284</u>	<u>710,190</u>
TOTAL ASSETS	<u>\$ 1,510,766</u>	<u>\$ 3,185,468</u>	<u>\$ 4,696,234</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ 4,428	\$ 80,602	\$ 85,030
	<u>4,428</u>	<u>80,602</u>	<u>85,030</u>
Fund Balances			
Restricted	1,506,338	3,069,836	4,576,174
Assigned	-	35,030	35,030
	<u>1,506,338</u>	<u>3,104,866</u>	<u>4,611,204</u>
Total Fund Balances	<u>1,506,338</u>	<u>3,104,866</u>	<u>4,611,204</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,510,766</u>	<u>\$ 3,185,468</u>	<u>\$ 4,696,234</u>

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	CAPITAL FACILITIES FUND	BLENDED COMPONENT UNIT CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Other Local Revenues	\$ 174,196	\$ 1,880,845	\$ 2,055,041
<u>EXPENDITURES</u>			
General Administration:			
All Other General Administration	37,850	-	37,850
Plant Services	286,395	320,766	607,161
Facilities Acquisition and Construction	105,008	331,348	436,356
Other Outgo	-	403	403
Debt Service:			
Principal	-	325,000	325,000
Interest	-	1,005,801	1,005,801
Total Expenditures	429,253	1,983,318	2,412,571
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(255,057)	(102,473)	(357,530)
<u>FUND BALANCES</u> - JULY 1, 2014	1,761,395	3,207,339	4,968,734
<u>FUND BALANCES</u> - JUNE 30, 2015	\$ 1,506,338	\$ 3,104,866	\$ 4,611,204

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
STUDENT BODY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BALANCE JULY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2015
<u>Anaverde Hills</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ -	\$ 25,714	\$ 18,746	\$ 6,968
TOTAL ASSETS	\$ -	\$ 25,714	\$ 18,746	\$ 6,968
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups	-	25,714	18,746	6,968
TOTAL LIABILITIES	\$ -	\$ 25,714	\$ 18,746	\$ 6,968
<u>Del Sur Middle School</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 5,920	\$ 28,247	\$ 25,651	\$ 8,516
TOTAL ASSETS	\$ 5,920	\$ 28,247	\$ 25,651	\$ 8,516
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups	5,920	28,247	25,651	8,516
TOTAL LIABILITIES	\$ 5,920	\$ 28,247	\$ 25,651	\$ 8,516
<u>Hillview Middle School</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 34,184	\$ 88,303	\$ 91,625	\$ 30,862
TOTAL ASSETS	\$ 34,184	\$ 88,303	\$ 91,625	\$ 30,862
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups	34,184	88,303	91,625	30,862
TOTAL LIABILITIES	\$ 34,184	\$ 88,303	\$ 91,625	\$ 30,862

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
STUDENT BODY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BALANCE JULY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2015
<u>Joe Walker Middle School</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 19,573	\$ 134,794	\$ 136,241	\$ 18,126
TOTAL ASSETS	\$ 19,573	\$ 134,794	\$ 136,241	\$ 18,126
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 16,736	\$ -	\$ 16,736
Due to Student Groups	19,573	118,058	136,241	1,390
TOTAL LIABILITIES	\$ 19,573	\$ 134,794	\$ 136,241	\$ 18,126
<u>Total</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 59,677	\$ 277,058	\$ 272,263	\$ 64,472
TOTAL ASSETS	\$ 59,677	\$ 277,058	\$ 272,263	\$ 64,472
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 16,736	\$ -	\$ 16,736
Due to Student Groups	59,677	260,322	272,263	47,736
TOTAL LIABILITIES	\$ 59,677	\$ 277,058	\$ 272,263	\$ 64,472

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
BOARD OF TRUSTEES AND ORGANIZATION
 JUNE 30, 2015

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
John Curiel	President	December 2017
Gwendolyn A. Farrell	Vice President	December 2015
Linda Jones	Clerk	December 2017
Joan Sodergren	Member	December 2017
Steve DeMarzio	Member	December 2015

ADMINISTRATION

Regina Rossall	Superintendent
Shawn Cabey	Assistant Superintendent, Administrative Services

ORGANIZATION

The Westside Union School District was established in 1948 and covers approximately 346 square miles in North Los Angeles County. The communities served are West Lancaster, Quartz Hill, West Palmdale and Leona Valley. There are six elementary schools which consist of kindergarten through sixth grade, one middle school which consists of sixth through eighth grade, one middle school which consists of seventh and eighth grade and four schools which consist of kindergarten through eighth grade. The central office is located in Quartz Hill. There were no changes in the District's boundaries in the current year.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Second Period Report <u>40585E7C</u>	Annual Report <u>A1839EF7</u>
TK/K-3		
Regular	3,687.07	3,689.29
Extended Year Special Education	12.75	12.75
Special Education - NPS	0.97	0.94
Extended Year Special Education - NPS	0.11	0.11
Subtotal TK/K-3	<u>3,700.90</u>	<u>3,703.09</u>
Grades 4-6		
Regular	2,845.68	2,842.96
Extended Year Special Education	9.04	9.04
Special Education - NPS	0.95	0.96
Extended Year Special Education - NPS	0.11	0.11
Subtotal Grades 4-6	<u>2,855.78</u>	<u>2,853.07</u>
Grades 7-8		
Regular	2,087.07	2,086.73
Extended Year Special Education	0.71	0.71
Extended Year Special Education - NPS	0.90	0.91
Subtotal Grades 7-8	<u>2,088.68</u>	<u>2,088.35</u>
Grand Total	<u><u>8,645.36</u></u>	<u><u>8,644.51</u></u>

See accompanying Notes to Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

GRADE LEVEL	1986-87 MINUTES REQUIREMENT	RECALCULATED 1986-87 MINUTES REQUIREMENT*	2014-15 ACTUAL MINUTES	NUMBER OF DAYS TRADITIONAL CALENDAR	NUMBER OF DAYS MULTITRACK CALENDAR	STATUS
Kindergarten	36,000	35,000	52,725	180	N/A	In Compliance
Grades 1-3	50,400	49,000	50,535	180	N/A	In Compliance
Grades 4-6	54,000	52,500	52,725	180	N/A	In Compliance
Grades 7-8	54,000	52,500	52,725	180	N/A	In Compliance

* Amounts reduced as permitted by Education Code Section 46201.2(b).

Note: The District participated in Longer Day incentives and did not meet or exceed its target funding.

See accompanying Notes to Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

GENERAL FUND	(BUDGET) 2016*	2015	2014***	2013***
Revenues and Other Financial Sources	\$ 78,447,723	\$ 69,432,651	\$ 62,557,418	\$ 55,361,787
Expenditures	72,537,477	69,649,022	63,170,430	59,687,784
Other Uses and Transfers Out	-	-	-	314,123
Total Outgo	72,537,477	69,649,022	63,170,430	60,001,907
Change in Fund Balance	\$ 5,910,246	\$ (216,371)	\$ (613,012)	\$ (4,640,120)
Ending Fund Balance	\$ 19,217,895	\$ 13,584,803	\$ 13,801,774	\$ 14,851,684
Available Reserves	\$ 2,285,060	\$ 2,309,288	\$ 2,406,609	\$ 1,990,383
Reserve for Economic Uncertainties	\$ 2,285,060	\$ 2,309,288	\$ 2,406,609	\$ 1,990,383
Unassigned Fund Balance	\$ -	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	3.00%	3.32%	3.80%	3.31%
Total Long-Term Debt	**	\$ 149,306,904	\$ 103,029,818	\$ 85,703,258
Average Daily Attendance at P-2	8,631	8,645	8,622	8,302

The General Fund balance has decreased by \$1,266,881 over the past two years. The fiscal year 2015-16 budget projects an increase of \$5,910,246. For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. Westside Union School District has met the State's minimum requirements.

Average daily attendance has increased by 343 ADA over the past two years. A decrease of 14 ADA is anticipated during the fiscal year 2015-16.

* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

** Not determined.

*** Does not include adjustments for Net Pension Liability.

See accompanying Notes to Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>GENERAL FUND</u>			
U.S. Department of Education:			
Passed through the California Department of Education (CDE):			
* NCLB, Title I	84.010	14329	\$ 782,541
IDEA, Education for the Handicapped			
Local Assistance	84.027	13379	1,357,941
Lacal Assistance, Part B, Sec 611, Private Schools	84.027	10115	6,992
Federal Preschool	84.173	13430	54,388
Preschool Local Assistance	84.027	13682	105,101
Preschool Staff Development	84.173	13431	373
NCLB, Title II, Part A, Improving Teacher Quality	84.367	14341	130,802
NCLB, Title III, Immigrant Education	84.365	14346	368
NCLB, Title III, LEP	84.365A	10084	78,344
Total Department of Education			<u>2,516,850</u>
U.S. Department of Health and Human Services:			
Passed through CDE:			
MediCal Billing Option	93.778	10013	439,644
Total Department of Health and Human Services			<u>439,644</u>
Total General Fund			<u>2,956,494</u>
<u>CAFETERIA FUND</u>			
U.S. Department of Agriculture:			
Passed through CDE:			
* National School Lunch Program	10.555	13391, 13396	1,377,623
* Especially Needy Breakfast	10.553	13526	187,365
Total Department of Agriculture			<u>1,564,988</u>
Total Federal Expenditures			<u>\$ 4,521,482</u>
* Major Programs			

See accompanying Notes to Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM
WITH AUDITED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>GENERAL FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>CAFETERIA FUND</u>	<u>POSTEMPLOYMENT BENEFITS FUND</u>
June 30, 2015 Annual Financial and Budget Report Form Fund Balance	\$ 13,307,650	\$ 71,661	\$ 2,683,507	\$ 3,038
<u>Adjustments and Reclassifications</u>				
Increase (Decrease) Accounts Receivable For:				
June Meals Reimbursements	-	-	37,347	-
Clerical Error	-	-	(9,364)	-
Decrease in Accounts Payable for:				
Common Core	277,153	-	-	-
Increase (Decrease) Fund Balance for:				
GASB 54 Reporting Requirement	74,699	(71,661)	-	(3,038)
<u>Net Adjustments and Reclassifications</u>	<u>351,852</u>	<u>(71,661)</u>	<u>27,983</u>	<u>(3,038)</u>
June 30, 2015 Audited Financial Statement Fund Balance	<u>\$ 13,659,502</u>	<u>\$ -</u>	<u>\$ 2,711,490</u>	<u>\$ -</u>

See accompanying Notes to Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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 entities. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

B. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the incentives for Longer Instructional Day. The District has not met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

C. Schedule of Financial Trends and Analysis

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

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Westside Union School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt as reported on the Annual Form to the audited financial statements.



Jeanette L. Garcia,
CPA

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

Independent Auditor's Report

To the Board of Trustees
Westside Union School District
Quartz Hill, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westside Union School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Westside Union School District's basic financial statements, and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Westside Union School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Westside Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Westside Union School District's internal control.

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

We noted certain matters that we reported to management of Westside Union School District in a separate letter dated December 15, 2015.

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Compliance and Other Matters

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

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.

Jeanette L. Garcia + Associates

Redlands, California
December 15, 2015



Jeanette L. Garcia,
CPA

Jeanette L. Garcia & Associates

1980 Orange Tree Lane, Suite 280

Redlands, CA 92374

Phone: (909) 335-6100

Fax: (909) 335-6122

www.jlgcpa.net

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To the Board of Trustees
Westside Union School District
Quartz Hill, California

Report on Compliance for Each Major Federal Program

We have audited Westside Union School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Westside Union School District's major federal programs for the year ended June 30, 2015. Westside Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Westside Union School 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Westside Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Westside Union School 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, 2015.

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Report on Internal Control Over Compliance

Management of Westside Union School 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 Westside Union School 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 OMB Circular A-133, 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 Westside Union School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jeanette L Garcia + Associates

Redlands, California
December 15, 2015



Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Trustees
Westside Union School District
Quartz Hill, California

Report On State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for fiscal year ended June 30, 2015.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the, *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

	<u>Procedures Performed</u>
Member:	
American Institute of Certified Public Accountants	Local Education Agencies Other Than Charter Schools:
	Attendance
	Teacher Certification and Misassignments
	Kindergarten Continuance
	Independent Study
	Continuation Education
	Yes
	Yes
	Yes
	No (see below)
	Not Applicable

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	<u>Procedures Performed</u>
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High School	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not test compliance for Independent Study because the ADA was below the level required for testing. We did not test for Early Retirement Incentive Program because the District did not participate in the program.

Opinion on State Compliance

In our opinion, Westside Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2015.

Janette L Garcia + Associates

Redlands, California
December 15, 2015

Findings and Recommendations

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____	✓	No
Significant deficiencies identified?	_____	Yes	_____	✓	None Reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____	✓	No
Significant deficiencies identified?	_____	Yes	_____	✓	None reported

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

Any audit finding disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes ✓ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
84.010	Title I
10.555, 10.553	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes ✓ No

State Awards

Internal control over State programs:

Material weakness(es) identified?	_____	Yes	_____	✓	No
Significant deficiencies identified?	_____	Yes	_____	✓	None reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

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

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

None Reported.

WESTSIDE UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prior Year Findings and Recommendations:

There were no findings and recommendations for the fiscal year ended June 30, 2014.



Jeanette L. Garcia & Associates

1980 Orange Tree Lane, Suite 280

Redlands, CA 92374

Phone: (909) 335-6100

Fax: (909) 335-6122

www.jlgcpa.net

Jeanette L. Garcia,
CPA

To the Board of Trustees
Westside Union School District
Quartz Hill, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westside Union School District, for the year ended June 30, 2015, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent non-material conditions noted by the audit that we consider important enough to bring to your attention. We previously reported on the District's internal control over financial reporting in our report dated December 15, 2015. The Findings and Recommendations Section of the audit report dated December 15, 2015 contains certain reportable conditions in the District's internal control over financial reporting. This letter does not affect our report dated December 15, 2015 on the financial statements of Westside Union School District.

Anaverde Hills ASB

1. Controls over cash receipts are poor. Prenumbered receipts are not written at the time money is received, but are written when the bookkeeper is getting ready to do the bank deposit. In addition, bank deposits are only prepared once a month. We noted one collection that was received on 12/12/14, and deposited on 2/23/15. Several other collections were also deposited late.
2. The Bookkeeper was unable to locate the supporting documentation for two expenditures in our sample.
3. Although tickets are used for certain events, ticket summaries are not prepared to support the monies collected. As a result, we were unable to verify the accuracy of the deposit for basketball games.

We will review the status of these recommendations during our next audit engagement. We have discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the management, Board of Trustees, others within the District, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Redlands, California
December 15, 2015

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