

**Westside Union School District**  
**Management Discussion & Analysis**  
June 30, 2014

**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, 2014. 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 seven K-6 elementary schools, one 6-8 middle school, one 7-8 middle school, and three 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 to first provide an overview of the District and its programs, and then subsequently 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).*

*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 Board of Trustee's responsibility is to provide services to 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 Position 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 fiduciary statements. 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 exceeded liabilities by \$74.4 million. There have been significant changes in the Statement of Net Position this year. The extent of the building progress is reflected below in the year-over-year movement in capital assets (increasing), as well as the increase in Construction-In-Progress. Another significant event affecting both assets and debt is the \$18.5 million in general obligation bonds for facilities construction and modernization, technology infrastructure and physical safety and security upgrades issued during the 2013/14 school year.

Net Position for fiscal years 2012/13 and 2013/14 (millions).

	Governmental Activities		
	2014	2013	% Change
Current and other assets	\$69.2	\$65.7	5.3%
Capital assets	\$115.4	\$109.4	5.5%
<i>Total Assets</i>	<i>\$184.6</i>	<i>\$175.1</i>	<i>5.4%</i>
Current liabilities	\$7.1	\$13.9	-48.7%
Long-term debt	\$103.0	\$85.7	20.2%
<i>Total Liabilities</i>	<i>\$110.2</i>	<i>\$99.6</i>	<i>10.6%</i>
<b>Net Position</b>			
Invested in capital assets, net of related debt	\$23.0	\$33.8	-31.9%
Restricted	\$51.7	\$51.0	1.5%
Unrestricted	(\$0.4)	(\$9.3)	96.2%
<i>Total Net Position</i>	<i>\$74.4</i>	<i>\$75.5</i>	<i>-1.4%</i>

**Capital Assets & Debt Administration**

**Capital Assets**

At the end of the fiscal year 2014 the District had \$115,392,152 (net of depreciation) invested in land, buildings, equipment, and construction in progress. As noted in the previous section, there has been a significant increase in Construction In-Progress, primarily due to the construction of the Anaverde Hills School, a substantial portion of which took place during the 2013/2014 fiscal year.

Fiscal Years 2013 and 2014 (millions).

<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>
Land, Buildings, Site Improv.	\$41.2	\$42.9
Equipment	\$1.9	\$1.8
Construction In-Progress	\$72.3	\$64.6
<b>Net Capital Assets</b>	<b>\$115.4</b>	<b>\$109.4</b>

**Debt**

As of June 30, 2014 the District had \$102.8 (millions) in debt outstanding.

<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>
General Obligation Bonds	\$71.9	\$55.1
Other Post Employment Benefits	\$10.3	\$9.7
Other General Long-Term Debt	\$0.0	\$0.0
Compensated Absences	\$0.3	\$0.3
Capital Lease Agreements	\$0.2	\$0.0
Community Facilities Districts	\$20.1	\$20.4
<b>Totals</b>	<b>\$102.8</b>	<b>\$85.5</b>

**FINANCIAL HIGHLIGHTS**

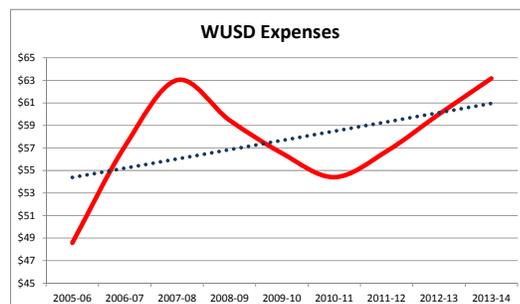
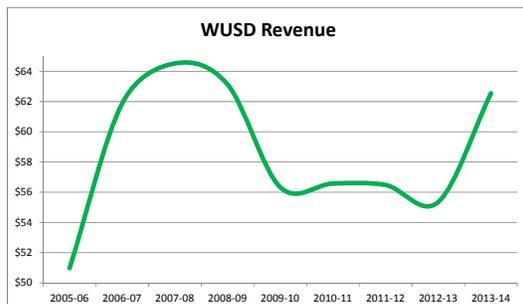
As previously mentioned in the introductory sections above, the District operates several funds, each of which has a designated purpose. The major fund through which most District operational activities occur is the General Fund. Primary funding for the General Fund is provided by a combination of state and federal sources. For the school year state and federal sources totaled \$56,180,018, or 90% of all revenues. Other local revenues, (most notably pass-through funds from the Special Education JPA) accounted for \$6,051,208 or 10% of total General Fund revenues of \$62,231,226.

Within the General Fund, operational expenses, which include items such as salaries, benefits, books and supplies, utilities, etc., were \$60,962,696 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 \$63,170,430 .

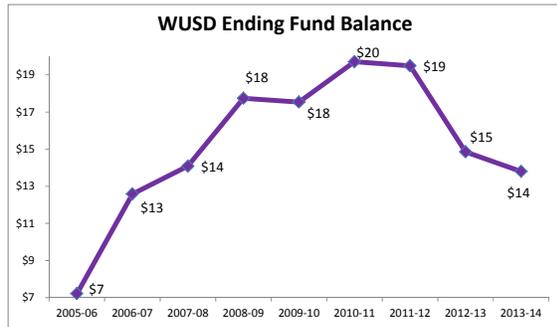
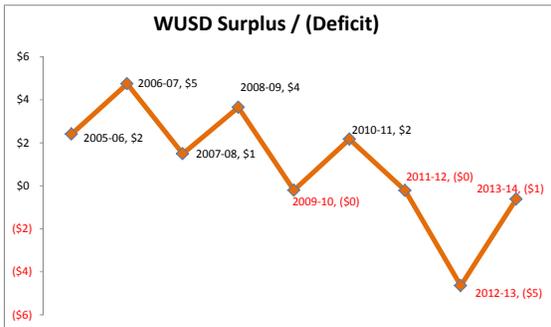
Kindergarten through Eighth Grade enrollment increased from 8,951 at the start of school on August 8, 2013 to 8,996 as of the last day of school on June 4, 2014. This increase was consistent with the current overall trend for increasing enrollment in both California and in the Antelope Valley region. However, since June 2014 there has been a subsequent decline in enrollment that is cause for some concern. This will be addressed in more detail at a later point in this analysis.

Notwithstanding the concerns with respect to enrollment decline, the areas of perhaps the greatest potential concern are the trends related to deficit spending and general fund ending balance, in no small part because unlike enrollment and state funding, the District does ultimately possess some degree of self-determination with respect to levels of expenses. The data summarized in the charts below highlight some of these concerns.

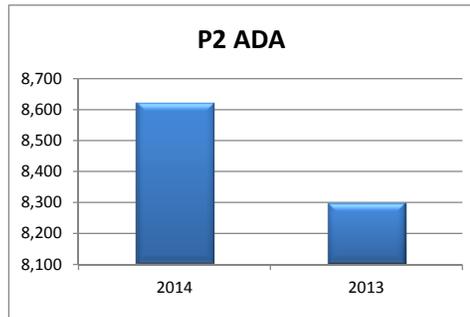
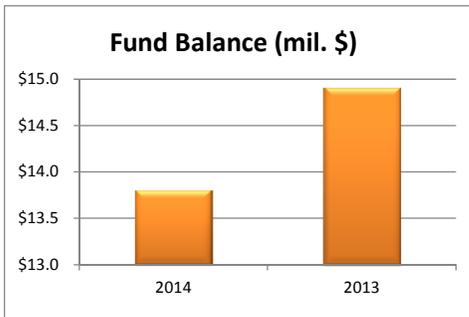
There is a highly correlative fit between Revenue and Expenses over a nine-year period...



...which resulted in not only maintenance, but rather an actual increase in the ending fund balance position during the financial crisis of 2008-2012. However, as the financial crisis abated, the desire to restore cuts to compensation made during the crisis, and the related need to provide competitive salaries has put downward pressure on financial performance...



... which has resulted in a steadily declining fund balance. That said, the District's declining fund balance is not in and of itself cause for concern. The fund balance has throughout the crisis been maintained at levels exceeding historical norms, and therefore it is within the boundaries of sound practice to spend down some portion of it, especially for the purpose of maintaining competitive salaries to attract and retain quality instructors. However, there is a trend with respect to the fund balance and ADA that warrants specific concern, particularly because of the flattening/decline of enrollment growth the District is experiencing as of midyear 2014/15.



**The simultaneous increase in ADA and decrease in fund balance suggests that had the District not grown over the course of the 2013/14 school year, the 2014 deficit would have been significantly higher.** Given that the District received over \$2.5 million in additional GAP LCFF revenues alone in 2014, it is clear that enrollment (and by extension ADA) growth played a critical role in moderating the decline in the fund balance, and that the District will therefore need to continue to be extremely sensitive to budget planning that relies heavily on enrollment growth or stability assumptions.

# Fiscal Environment & Outlook

## The District's Revenue

At the most basic level, the K-12 California public schools funding equation can be described as follows:



Note the 'Primary' in the product of the above equation reflects the fact that the general operating fund has other sources of revenue that augment the primary state funding. However since the bulk of District operations are supported by the primary funding source, i.e., the Local Control Funding Formula (LCFF), our review of District revenue will focus on this area.

### LCFF (Per-Student Funding)

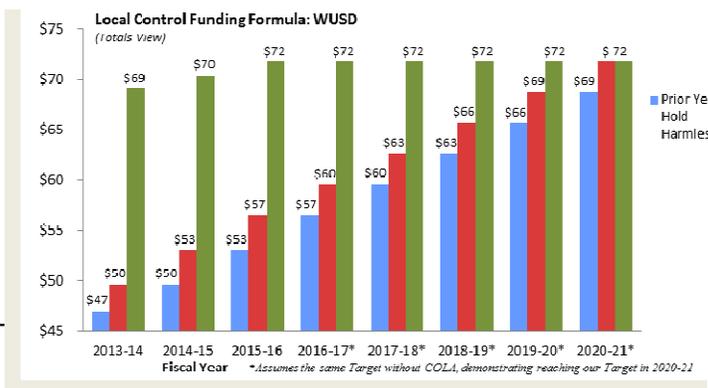
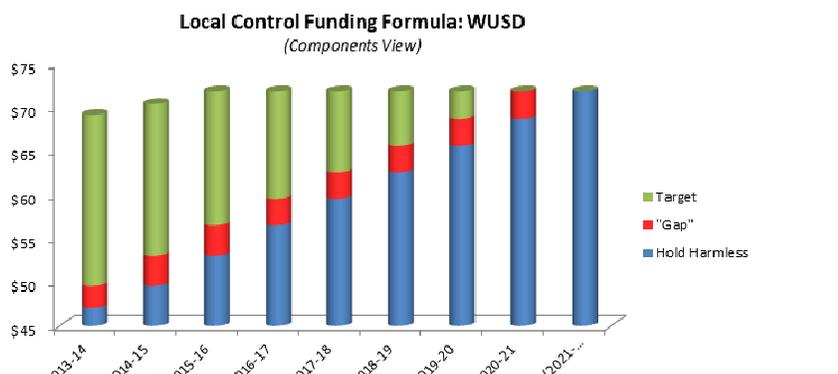
AB 97, enacted as part of the 2013–14 budget package, resulted in major changes both to the way the state allocates funding to school districts and the way the state supports and intervenes in underperforming districts. The legislation was the culmination of more than a decade of research and policy work on California's K–12 funding system. Under this legislation the previous K–12 Revenue Limit finance system which has been in place for four decades has been replaced with the new Local Control Funding Formula (LCFF). For school districts and charter schools, the LCFF creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs.

In its present form, the primary funding goal of LCFF is to restore school districts to the inflation-adjusted equivalent of their 2007-08 funding levels by 2020-21. This is accomplished by a) a 'hold-harmless' provision ensuring that each year's funding is always at least equal to the prior year's funding, b) calculation of a student population-driven target formula, which is then used as a basis for calculating a catch-up 'gap' (difference between prior-year/hold harmless and target), and c) closing of the 'gap' by progressive increases in funding. The charts below illustrate the best available LCFF funding projections for WUSD as we move beyond the 2013-14 fiscal year:

Of course, given the State of California's track record with respect to meeting its commitments to funding public education the above projections have to be taken with a grain of salt, and to that end for the 2015-16 fiscal year the District is holding 30% of the anticipated 'gap' funding in reserve (the Los Angeles County Office of Education is recommending 100%, but the District is choosing to moderate that position), rather than committing it to expenditures.

As we will see in the analysis to follow, for Westside Union School District it is the devil, not God, which is in the LCFF details. For example, due to student population demographics (a relatively lower proportion of Foster, English Language Learners and Socio-Economically Disadvantaged students, which drives the Unduplicated Student Count (UPC),

a key factor in the LCFF revenue allocation algorithm), the District will not meet the qualification threshold for "Concentration Grants", though our neighbors will. Furthermore, because of our neighbors' high UPC percentage, they will be able to claim that all funds that they receive are eligible for use with essentially their entire student popu-



lation, thereby freeing those funds to be applied to teacher salaries across the board. We anticipate these differentials in funding may present significant challenges, particularly with respect to recruitment and retention of highly effective teachers, although we are also aware that there are many significant, non-monetary dynamics in Westside that have historically enabled the District to attract and retain high quality teachers.

In the broad strokes, the LCFF formula works by providing each district with a base funding level ('Base Grant'), which is then augmented by 1) an additional amount for each K-3 student ('Grade Span Adjustment, GSA'), assuming the district is compliant with state class size mandates, 2) a 'Supplemental' amount for each Foster, Low Income or English Learner student ('Unduplicated Pupil'), and 3) for districts that have a UPC percentage of over 55%, an additional amount for each UP over 55% ('Concentration').

At right is a sample summary for Westside Union School District:

Although clearly there was much careful thought put into the development of this funding formula, one of the unintended consequences is the near-total focus on community demographics can result in severe inequity between districts, even within the same geographic region. Below is a comparison of outcomes for Westside Union School District versus its three closest neighboring elementary districts (Palmdale Elementary, Lancaster Elementary and Eastside Elementary). The enrollment and ADA figures for the comparison districts have been adjusted to be identical to Westside for the sake of 'Apples-To-Apples' comparison, but the UPC% reflects their actual percentages as presented in their respective Local Control Accountability Plans.

Westside Union School District	
<b>District Profile Data</b>	
Total Enrollment	8980
UPC	3922
<b>**UPC%</b>	43.68%
Total ADA	8622
<b>2021 Target Funding Calculations</b>	
Total Base Grant/Pupil	\$7,062
Total Base Grant	\$60,891,490
Total GSA (CSR)	\$2,645,703
Total Base & GSA	\$63,537,193
Total Supplemental	<b>\$5,550,609</b>
Total Concentration	\$0
<b>*TOTAL TARGET</b>	<b>\$69,087,803</b>
<i>*(does not incl. TIIG)</i>	
Total Funding/Student	<b>\$7,694</b>
<b>GAP &amp; Current Funding</b>	
PY Hold Harmless	\$47,120,144
GAP	\$19,651,378
GAP Funding Level	12.00%
GAP Funding	\$2,358,165
<b>ACTUAL FUNDING LEVEL</b>	<b>\$49,478,309</b>
<b>ACTUAL FUNDING PER STUDENT</b>	<b>\$5,510</b>

DISTRICT PROFILE DATA				
	Westside	"Palmside"	"Lancaside"	"Eastside"
Total Enrollment	8980	8980	8980	8980
UPC	3922	7633	7447	8622
<b>**UPC%</b>	<b>43.68%</b>	<b>85.00%</b>	<b>82.93%</b>	<b>89.33%</b>
Total ADA	8622	8622	8622	8622
<i>**Source: Posted LCAPs, District websites</i>				
2021 TARGET FUNDING CALCULATIONS				
Total Base Grant/Pupil	\$7,062	\$7,062	\$7,062	\$7,062
Total Base Grant	\$60,891,490	\$60,891,490	\$60,891,490	\$60,891,490
Total GSA (CSR)	\$2,645,703	\$2,645,703	\$2,645,703	\$2,645,703
Total Base & GSA	\$63,537,193	\$63,537,193	\$63,537,193	\$63,537,193
<b>Total Supplemental</b>	<b>\$5,550,609</b>	<b>\$10,801,323</b>	<b>\$10,538,279</b>	<b>\$11,357,909</b>
<b>Total Concentration</b>	<b>\$0</b>	<b>\$9,530,579</b>	<b>\$8,872,969</b>	<b>\$10,922,044</b>
<b>*TOTAL TARGET</b>	<b>\$69,087,803</b>	<b>\$83,869,095</b>	<b>\$82,948,441</b>	<b>\$85,817,146</b>
<i>*(does not incl. TIIG)</i>				
<b>Total Funding/Student</b>	<b>\$7,694</b>	<b>\$9,340</b>	<b>\$9,237</b>	<b>\$9,556</b>
GAP Calculations / Current Funding				
PY Hold Harmless	\$47,120,144	\$47,120,144	\$47,120,144	\$47,120,144
GAP	\$19,651,378	\$32,874,124	\$32,050,544	\$34,616,771
GAP Funding Level	12.00%	12.00%	12.00%	12.00%
GAP Funding	\$2,358,165	\$3,944,895	\$3,846,065	\$4,154,012
<b>ACTUAL FUNDING LEVEL</b>	<b>\$49,478,309</b>	<b>\$51,065,039</b>	<b>\$50,966,209</b>	<b>\$51,274,156</b>
<b>ACTUAL FUNDING PER STUDENT</b>	<b>\$5,510</b>	<b>\$5,687</b>	<b>\$5,676</b>	<b>\$5,710</b>

**This fundamental demographic and the resultant economic disadvantage that it promotes, will severely constrain the District's efforts to maintain the quality of our instructional programs.** The emergent outcome of the current LCFF implementation is that districts serving disadvantaged communities will be well-served by state funding due to the LCFF premiums associated with Supplemental and Concentration grants, districts in wealthy communities will be able to essentially provide their own supplemental funding through both local governmental sources (e.g., parcel taxes) and non-governmental sources (e.g., local foundations, high-yielding PTO/PTAs, etc.), but districts in communities neither rich nor poor will face the perennial fate of the middle class: limbo.

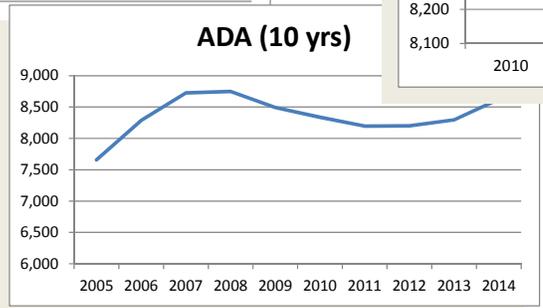
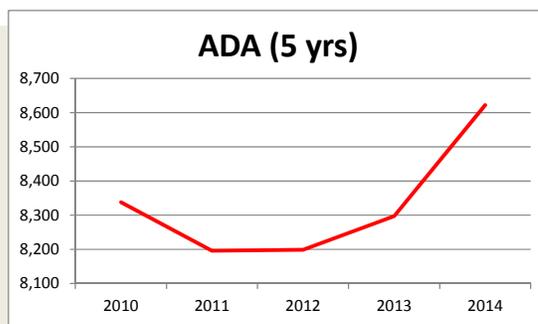
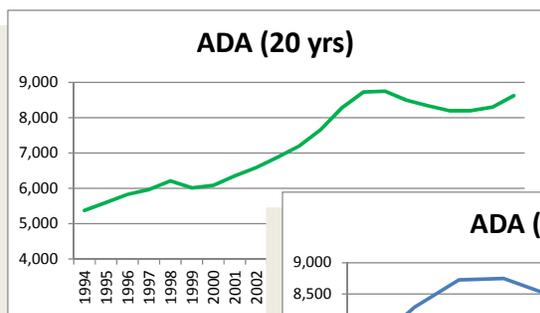
Adding to the financial strain caused by the fundamental inequity of the Local Control Funding Formula are three other major structural financial pressures: Step & Column automatic salary increases, STRS/PERS retirement in-

creases, and Routine Restricted Maintenance. The table below illustrates the corrosive net effect that mandatory increases in existing expenses have on elective increases in revenue:

<b>Increased LCFF Funding</b>	<b>\$2,370,000</b>
<b>New Mandatory Costs</b>	
Step & Column	\$1,020,000
STRS/PERS	\$640,000
Routine Maintenance	\$740,000
<b>Add'l Costs Total:</b>	<b>\$2,400,000</b>
<b>NET NEW FUNDING</b>	<b>(\$30,000)</b>

### Enrollment

Enrollment for the Westside Union School District has historically mirrored the population growth of the Antelope Valley region in general, i.e., extended periods of strong growth punctuated by intermittent periods of sudden and sharp declines that ultimately results in long-term net growth. Currently the District is experiencing a period of fluctuating enrollment that makes it extremely challenging to forecast enrollment and revenues. The charts below show the historical growth, the recent decline, and a more recent pattern of renewed growth.



Note that this growth pattern declines the District is experiencing. This is potentially a recent improvement in

tern does not reflect the current enrollment pattern in the 2014/15 school year due to the economy in California in general,

and the recent improvement in the housing market in the Antelope Valley region in particular, historical patterns would suggest that the District should currently be experiencing consistent enrollment growth. Although one can only speculate about all the possible factors contributing to this anomaly, we can nevertheless identify at least two underlying conditions affecting net enrollment that bear particular attention: inter-district transfer enrollments, and enrollment volatility.

In the 2013/14 school year approximately 100 students chose to transfer out of the Westside Union School District, which represents approximately \$560,000 of revenue loss. Concurrently, however, approximately 500 students (\$2,800,000) elected to transfer into Westside from neighboring districts, resulting in a positive net transfer in 2013/14 of approximately 400 students, which equates to an additional \$2,240,000 in state funding. The inter-district transfers' impact on enrollment and revenue is noteworthy, particularly in this period of non-growth, because we must assume that the majority of those in-transferring students are attending Westside schools because their parents perceive the District's schools as superior to those in their home districts. Should that perception be compromised at some future point, those parents would presumably remove their students from Westside and the negative impact on revenue would be significant, particularly in the absence of alternative drivers of enrollment growth.

Along with inter-district transfers, enrollment volatility also represents a latent threat to enrollment health and the District's revenue. In any district of this size it should come as no surprise that every day some students enter the district, and every day others leave. Growth is therefore ultimately dependent on more students coming than going, and if the average rates of comings and goings are high, the district will be far more vulnerable to sudden changes in enrollment (up or down) than if the rates are low. By recording and analyzing these inflow/outflow rates over time

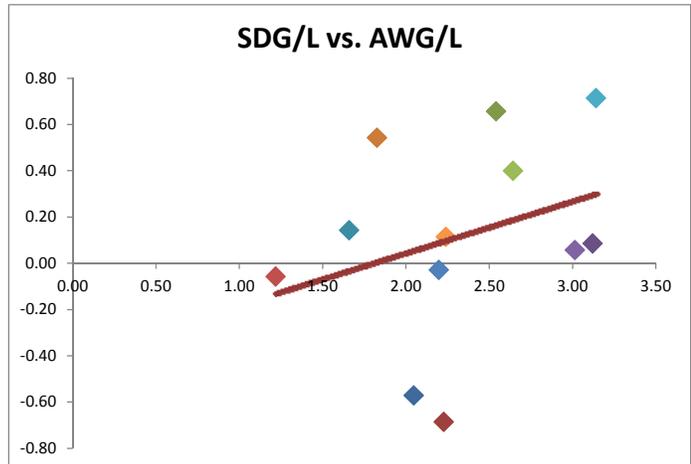
we can measure the inflow/outflow volatility of our enrollment and better assess, if not predict, our vulnerability to

### WUSD Enrollment Volatility 2014

	AH	CW	DS	EZ	GA	HV	JW	LV	QH	RV	SD	VV
<b>Average Weekly Gain/Loss</b>	-0.57	-0.69	0.66	0.09	0.14	0.54	-0.03	-0.06	0.40	0.06	0.71	0.11
<b>Std Dev of Weekly Gain/Loss</b>	2.05	2.23	2.54	3.12	1.66	1.83	2.20	1.22	2.64	3.01	3.14	2.24

rapid enrollment changes. The table above summarizes the enrollment volatility by school site:

Note that based on Average Weekly Gain/Loss (AWG/L) and the standard deviation of AWG/L (SDG/L), the District is currently experiencing a mixed bag with respect to enrollment growth of its school sites on all fronts: some steady growth, some slow growth, some steady decline, some slow decline and some statistically essentially stable. Furthermore as the data in the scatter gram at right illustrates, the volatility as measured by the SD-AWG/L also shows a significant variation from school to school, and is not particularly strongly correlated with the degree of gain/loss, which suggests a relatively stable population school has a similar likelihood of significant change in enrollment as one in which student 'churn' is the norm.



### Average Daily Attendance (ADA)

Average Daily Attendance (ADA) reflects the percentage of days that enrolled students were actually present throughout the year. For every day that an enrolled student is absent, the State of California deducts a day's worth of revenue from the funding it provides to the District. As a result, districts in California will essentially never receive all of the funds 'due' to them based on the actual number of students they are required to accommodate with facilities and instructors, but will instead only receive a discounted portion of those funds reflective of actual student attendance. Incidentally, it is worth noting that there is no distinction made between voluntary (e.g., family vacation) or involuntary (e.g., avian flu) absences. The State's equation in this regard is simply 'Absence = \$0.00'.

The District's absence rate for 2013/14 (4%) corresponds to an Average Daily Attendance rate of 96%, which when applied to an average 2013/14 District enrollment of approximately 8,980 results in 2014 ADA of 8,622. Note that the 2014/15 projected ADA of 8,622 shown in Schedule 4 reflects the District's belief, based on weekly enrollment figures, that 2014/15 P-2 ADA will not exceed 2013/14 ADA and that in 2014/15 the District will be funded on the 'greater of current or prior year ADA', which would then be 2013/14's 8,622.

### The District's Expenses

It will come as no surprise that as is typically the case with any information and expertise service-oriented organization, personnel costs account for the vast majority of District operating expenses. Furthermore, of those personnel costs, instruction-related services (e.g., teachers, classroom para-educators) in 2013 accounted for approximately 80% of all personnel costs.

#### Total General Fund Expenditures

(in millions)

	2014	%	2013	%
Instruction	\$47.3	75%	\$45.6	76%
Pupil Services	\$3.1	5%	\$2.2	4%
General Administration	\$4.4	7%	\$3.9	6%
Plant Services	\$6.3	10%	\$6.0	10%
Ancillary Services	\$0.1	0%	\$0.1	0%
Other	\$1.8	3%	\$2.2	4%
<b>Totals</b>	<b>\$63.1</b>	<b>100%</b>	<b>\$59.9</b>	<b>100%</b>

As the challenges of preparing our students for 21<sup>st</sup> century careers continue to grow, and state and federal mandates relating to instruction such as implementation of the Common Core State Standards become increasingly demanding, this proportion may increase over time even further, and since sustained and substantial increases to District revenues are highly unlikely, it follows that any relative increases to Instructional-Related Services will have to be accompanied by corresponding decreases to non-instructional services. As one might imagine, this presents a major challenge to both administrative staff and the Board of Trustees since at the most fundamental philosophical level "Non-Instructional Related" is a something of a misnomer, given that all positions in the District exist only because they are necessary to support instruction. That said, these support functions have no statutory ratios that correspond to mandated instructional ratios such as class-size maximums, and therefore it is possible to reduce non-instructional staffing significantly below optimal levels without incurring statutory sanctions. However, it goes without saying that over the long term cracks are likely to appear in the support structure, both literally and figuratively. As shown in the tables below from the 2013 issue of the Comparative Analysis of District Income & Expenditure (CADIE) published by School Services of California, the District has historically done much more with much less than its peers, with respect to both instructional and non-instructional staff. However as the effects of LCFF take hold it will certainly become increasingly more challenging for the District to recruit and retain personnel at all levels.

STUDENT ENROLLMENT PER CLASSROOM TEACHER Table 2

RANK	DISTRICT	2007	2008	2009*
1	South Bay Union Elementary	21.78	20.37	20.50
2	East Whittier City Elementary	22.16	19.17	19.48
3	Pleasant Valley School	21.91	20.82	21.66
4	ALL ELEMENTARY SCHOOL DISTRI	22.12	20.63	20.87
5	Tulare City Elementary	21.56	20.24	20.88
6	Santee Elementary	22.51	21.32	20.88
7	Saugus Union Elementary	23.39	21.25	22.09
8	Hawthorne Elementary	23.14	22.04	21.33
9	Newhall Elementary	22.98	21.33	22.84
10	El Monte City Elementary	22.53	20.59	22.65
11	Ocean View Elementary	24.21	22.63	23.78
12	Westminster Elementary	23.29	21.05	23.02
13	Menifee Union Elementary	22.99	21.73	22.77
14	COMPARATIVE GROUP	23.16	21.42	22.13
15	Greenfield Union Elementary	21.45	19.98	20.24
16	Magnolia Elementary	21.94	20.07	20.86
17	Hueneme Elementary	23.28	21.86	22.77
18	Westside Union Elementary	27.48	25.56	24.70
19	Fountain Valley Elementary	26.07	23.27	24.91
20	Mountain View Elementary	21.82	20.73	20.45
21	Huntington Beach City Elementary	27.23	25.80	24.56
22	Adelanto Elementary	24.74	23.14	23.98
23	Victor Elementary	26.07	23.31	25.12

STUDENT ENROLLMENT PER CLERICAL EMPLOYEE Table 7

RANK	DISTRICT	2007	2008	2009*	2010	2011
1	Mountain View Elementary	91.50	94.50	73.22	72.52	82.92
2	Fountain Valley Elementary	141.74	144.25	172.92	126.24	131.60
3	Newhall Elementary	137.41	135.03	156.22	128.43	135.04
4	Hawthorne Elementary	129.30	109.14	110.80	137.93	142.08
5	Menifee Union Elementary	149.53	153.91	166.80	142.95	142.21
6	ALL ELEMENTARY SCHOOL DISTRI	138.72	137.23	146.06	146.53	145.42
7	Adelanto Elementary	115.68	103.63	115.39	99.29	145.64
8	Ocean View Elementary	147.99	147.11	169.66	146.53	149.23
9	Pleasant Valley School	108.35	96.94	140.77	161.67	150.57
10	Magnolia Elementary	116.56	116.55	113.73	170.62	156.90
11	East Whittier City Elementary	149.95	133.58	156.79	145.02	160.14
12	COMPARATIVE GROUP	141.03	135.32	156.64	156.44	162.30
13	Victor Elementary	130.24	117.36	172.90	175.98	163.33
14	South Bay Union Elementary	116.39	135.69	155.04	204.88	166.28
15	Saugus Union Elementary	151.84	153.00	171.22	158.82	166.59
16	Westminster Elementary	245.79	216.67	234.90	231.55	177.79
17	Greenfield Union Elementary	126.05	142.08	128.78	161.86	178.19
18	El Monte City Elementary	198.01	143.28	203.09	190.68	191.99
19	Westside Union Elementary	174.62	175.96	188.47	197.36	192.87
20	Santee Elementary	165.66	169.10	181.85	232.53	234.16
21	Tulare City Elementary	236.49	220.89	252.23	237.07	240.85
		148.55	133.05	308.35	164.37	280.47
		152.66	150.62	163.54	418.66	330.00

STUDENT ENROLLMENT PER OTHER CLASSIFIED EMPLOYEE Table 8

RANK	DISTRICT	2007
1	El Monte City Elementary	77.95
2	Westminster Elementary	64.40
3	Mountain View Elementary	59.97
4	Hawthorne Elementary	60.47
5	Hueneme Elementary	71.10
6	Greenfield Union Elementary	54.62
7	Fountain Valley Elementary	62.35
8	Adelanto Elementary	57.38
9	Menifee Union Elementary	72.29
10	East Whittier City Elementary	70.15
11	Victor Elementary	79.25
12	COMPARATIVE GROUP	69.31
13	South Bay Union Elementary	45.51
14	Newhall Elementary	88.93
15	ALL ELEMENTARY SCHOOL DISTRI	66.66
16	Magnolia Elementary	79.26
17	Santee Elementary	72.11
18	Ocean View Elementary	73.30
19	Tulare City Elementary	77.16
20	Saugus Union Elementary	95.52
21	Pleasant Valley School	63.96
22	Westside Union Elementary	80.66
23	Huntington Beach City Elementary	124.83

STUDENT ENROLLMENT PER SCHOOL LEVEL ADMINISTRATOR Table 11

RANK	DISTRICT	2007	2008	2009*	2010	2011
1	South Bay Union Elementary	543.13	533.73	596.31	0.00	0.00
2	Greenfield Union Elementary	315.59	323.50	309.26	315.00	354.96
3	Santee Elementary	308.65	330.42	392.06	372.53	377.41
4	Newhall Elementary	414.67	359.72	422.46	429.59	354.38
5	East Whittier City Elementary	440.31	430.05	443.10	422.62	410.55
6	El Monte City Elementary	397.23	405.76	495.55	454.00	425.86
7	Mountain View Elementary	424.38	414.90	439.63	401.05	434.89
8	Ocean View Elementary	491.23	500.16	542.17	502.84	450.52
9	Fountain Valley Elementary	408.20	409.67	451.07	450.86	451.21
10	ALL ELEMENTARY SCHOOL DISTRI	387.56	384.53	417.59	478.93	462.14
11	Tulare City Elementary	460.53	446.20	481.63	489.11	464.85
12	Saugus Union Elementary	375.25	385.33	518.10	519.35	480.63
13	Westminster Elementary	472.86	449.09	465.33	511.84	461.90
14	COMPARATIVE GROUP	441.93	442.63	494.28	527.84	518.43
15	Hawthorne Elementary	510.00	459.60	507.72	520.88	521.53
16	Huntington Beach City Elementary	499.70	494.74	614.45	636.55	548.00
17	Menifee Union Elementary	459.05	481.16	628.93	535.28	575.53
18	Magnolia Elementary	487.77	485.92	573.64	577.00	579.09
19	Hueneme Elementary	467.69	469.59	504.94	560.14	589.29
20	Adelanto Elementary	432.65	457.26	502.26	562.17	607.80
21	Westside Union Elementary	464.81	568.40	512.65	574.05	608.93
22	Victor Elementary					
23	Pleasant Valley					

STUDENT ENROLLMENT PER DISTRICT LEVEL ADMINISTRATOR Table 12

RANK	DISTRICT	2007	2008	2009*	2010	2011
1	Huntington Beach City Elementary	2,188.67	2,226.33	2,253.00	1,400.40	0.00
2	South Bay Union Elementary	678.92	571.86	516.80	335.13	320.08
3	Pleasant Valley School	1,159.00	1,041.43	1,181.50	363.75	459.25
4	Mountain View Elementary	891.20	1,089.13	835.30	802.10	762.80
5	Santee Elementary	474.85	418.53	452.54	791.63	802.00
6	Magnolia Elementary	792.63	965.90	1,051.67	806.48	809.40
7	ALL ELEMENTARY SCHOOL DISTRICTS	915.92	852.87	957.35	808.17	839.69
8	Saugus Union Elementary	2,101.40	2,080.60	1,480.29	944.27	903.07
9	Hueneme Elementary	1,050.78	997.88	1,009.88	1,082.93	970.59
10	East Whittier City Elementary	969.67	1,037.18	984.67	806.82	1,003.56
11	COMPARATIVE GROUP	1,628.56	1,029.20	1,083.70	965.75	1,077.51
12	Newhall Elementary	1,121.28	1,125.60	1,411.00	1,210.61	1,051.67
13	Hawthorne Elementary	918.00	1,021.11	1,015.44	1,106.88	1,108.25
14	El Monte City Elementary	1,033.60	1,268.00	825.92	1,191.75	1,171.13
15	Menifee Union Elementary	447.85	435.33	1,048.22	963.50	1,223.00
16	Fountain Valley Elementary	797.27	1,347.59	902.14	1,262.40	1,263.40
17	Greenfield Union Elementary	1,704.20	1,682.20	1,391.67	1,365.00	1,267.71
18	Ocean View Elementary	1,568.67	1,357.57	1,394.14	1,910.60	1,351.57
19	Tulare City Elementary	1,250.00	1,274.86	1,355.70	1,327.57	1,549.50
20	Westminster Elementary	1,418.67	1,097.78	1,628.67	1,389.29	1,606.00
21	Adelanto Elementary	1,442.17	1,374.83	1,685.60	1,641.52	1,736.57
22	Victor Elementary	1,997.00	1,920.83	1,938.83	2,812.50	2,308.20
23	Westside Union Elementary	1,823.08	1,104.13	2,178.75	2,868.33	2,841.67

Interestingly, although Westside faces major challenges matching its peers in salaries and class size dollar-for-dollar, according to figures published by the State of California's EdData school finance website the District has nevertheless exceeded all of its neighbors (approximately 15% higher) in terms of the proportion of expenses devoted to compensating teachers. This is further evidence of both the District's do-more-with-less ethos, and its commitment to putting classrooms first.

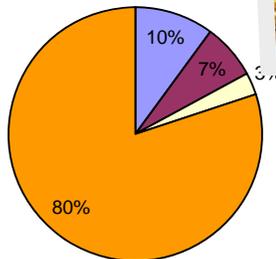


Districts Comparison: 2012-13 Funding & Certification

County Name	District Name	Enrollment	ADA	% English Learners	% Free/Reduced Meals	Total Revenue	Certificated Salaries	% Cert. Sal. of Revenue
Los Angeles	Eastside Union Elementary	3386	3193	28.9	80.8	\$7,744	\$3,606	46.6
Los Angeles	Lancaster Elementary	14713	13485	18.8	81.8	\$7,390	\$3,574	48.4
Los Angeles	Palmdale Elementary	21264	18717	27.7	81.8	\$8,331	\$3,841	46.1
AVERAGE				25.1	81.5	\$7,822	\$3,674	47.0
Los Angeles	Westside Union Elementary	8645	8325	7.6	39.7	\$6,644	\$3,589	54.0
PERCENTAGE ABOVE/ (BELOW) AVERAGE				(69.76)	(51.27)	(15.06)	(2.30)	14.91

\*Source: Ed-Data (www.ed-data.k12.ca.us)

With respect to expenses related to non-instructional operations support and infrastructure activities, the pie chart below provides a simple summary of the general distribution of those costs. These activities include everything from maintaining play fields to servicing HVAC units, managing school offices, providing bookkeeping services for student organizations\*\*\*, keeping thousands of computers up and running and preparing thousands of meals every day.



Plant & Operating       General Admin.  
 Other                       Students & Instruction

\*\*\* This year the District would like to offer a special note of recognition for the business and clerical staff who manage the ASB bookkeeping activity. For the first time in at least a decade (or perhaps ever!) there were zero audit findings with respect to ASB financial practices! Given the enormous number of transactions that occur every school year this is a truly exceptional accomplishment, so a hearty 'Congratulations!' goes out to Betty Dyer, Lisa Hensler, Liz Jenkins, Jeri Holmes and the rest of the folks who made our 2014 zero-findings audit report possible!



## **The District's Bottom Line**

*The revenues, expenses, funds and schedules that chronicle our 2014 financial activity and inform this analysis are the focus of this Certified Audited Financial Statements report, but they are not the focus of our organization. These financial resources are merely the accounting facilitators for that which truly counts: providing first-rate, highly qualified teachers for our students. Building new schools and refurbishing old ones.*

*Providing computers in classrooms and books in libraries. Funding extra-curricular activities like Jazz Band, Wood Shop, Drama and Photography that expand horizons in ways that so greatly enhance standard instruction. Investing in cutting-edge 21<sup>st</sup> century instructional initiatives like Tech Lab, Project Lead The Way, CyberPatriot, and VEX Robotics which challenge the mind, stimulate the imagination, and foster enduring interest that can so often change the course of a child's life. Westside Union School District is an enterprise spanning a vast geographic area that maintains scores of buildings and operates with millions of dollars and hundreds of employees, and yet we have only one mission: to provide each and every one of our almost nine thousand students with the encouragement, knowledge and skills they need to fulfill their greatest potential. We hope that this Management Discussion & Analysis, along with the accounting data contained in the following pages, will bring into clear relief the financial scaffolding that supports that mission.*



## **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 normally presented in December, and Second Interim which is normally 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.*

## **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.*