

WASHINGTON UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

WASHINGTON UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Washington Unified School District
Fresno, 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 Washington Unified School District (the 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; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. 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 District'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 District'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 Washington Unified 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.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, 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*. 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 required supplementary information, such as management's discussion and analysis on pages 5 through 12, and budgetary comparison, other postemployment benefit, net pension liability, and District contribution information on pages 61 through 64, respectively, 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 Washington Unified School District's basic financial statements. The accompanying supplementary information, such as the combining and individual non-major fund financial statements and 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information is 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 1, 2015, on our consideration of the Washington Unified 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 Washington Unified School District's internal control over financial reporting and compliance.

Vannink, Trine, Day & Co, LLP

Fresno, California
December 1, 2015



This section of Washington Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The District was formed on July 1, 2011, from the unification of the American Union Elementary School District, the Washington Union High School District and the West Fresno Elementary School District. This is the fourth year of financial operations for the unified district.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities separately. 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 *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus an modified accrual basis of accounting.

The *Fiduciary Funds* are trust and agency funds. Trust funds focus reporting on net position and changes in net position, and agency funds report only a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Washington Unified School District.

Board of Trustees

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities and scholarships. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position* and in the *Statement of Changes in 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 District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

The District's financial status continues to display itself as a regular operating school district during the 2014-2015 fiscal year. Prudent budgeting techniques and strategic planning help the district maximize supplemental funds. Staffing patterns continue to be reviewed as the district addresses student program needs and efficiency with the focus on student achievement.

The District maintained reserves in excess of the three percent requirement. The District maintained the required three percent reserves and had a deficit of \$2,455,111 (excluding activity related to the consolidation of the Deferred Maintenance Fund and the Special Reserve Non-Capital Fund as required by GASB Statement No. 54) due to one-time expenditures of capital outlay on the new district office and high school modernization project. The ending General Fund balance for 2014-2015 is \$1,806,039. This represents a 4.5 percent reserve for the District. Maintaining reserves above the required three percent is very important to the District and has allowed the District to continue to meet its cash-flow needs.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$(6,174,878) for the fiscal year ended June 30, 2015. Of this amount, \$1,715,836 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities		
	2015	Restated 2014	Variance
Assets			
Current and other assets	\$ 8,693,388	\$ 18,245,431	\$ (9,552,043)
Capital assets	47,472,750	31,660,235	15,812,515
Total Assets	<u>56,166,138</u>	<u>49,905,666</u>	<u>6,260,472</u>
Deferred Outflows of Resources	<u>1,501,547</u>	<u>1,315,928</u>	<u>185,619</u>
Liabilities			
Current liabilities	2,741,470	4,241,011	(1,499,541)
Long-term obligations	37,708,084	31,554,860	6,153,224
Net pension liability	18,492,025	23,099,003	(4,606,978)
Total Liabilities	<u>58,941,579</u>	<u>58,894,874</u>	<u>4,653,683</u>
Deferred Inflows of Resources	<u>4,900,984</u>	<u>-</u>	<u>4,900,984</u>
Net Position			
Net investment in capital assets	14,068,329	10,357,248	3,711,081
Restricted	1,715,836	1,692,055	23,781
Unrestricted	(21,959,043)	(19,722,583)	(2,236,460)
Total Net Position	<u>\$ (6,174,878)</u>	<u>\$ (7,673,280)</u>	<u>\$ 1,498,402</u>

The \$(21,959,043) in unrestricted net position of governmental activities represents the accumulated results of the current year's operations.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		
	2015	2014	Variance
Revenues			
Program revenues:			
Charges for services	\$ 65,549	\$ 35,770	\$ 29,779
Operating grants and contributions	6,947,830	5,180,672	1,767,158
Capital grants and contributions	2,415,809	-	2,415,809
General revenues:			
Federal and State aid not restricted	22,249,686	20,416,312	1,833,374
Property taxes, general purposes	2,149,431	2,415,388	(265,957)
Property taxes, debt service	1,189,955	1,033,016	156,939
Taxes, other specific purposes	79,289	49,267	30,022
Other general revenues	1,281,624	1,343,281	(61,657)
Total Revenues	36,379,173	30,473,706	5,905,467
Expenses			
Instruction related	21,323,455	18,930,734	2,392,721
Student support services	5,390,959	4,359,492	1,031,467
Administration	2,629,202	2,380,276	248,926
Maintenance and operations	2,835,087	2,944,955	(109,868)
Other	2,702,068	2,373,756	328,312
Total Expenses	34,880,771	30,989,213	3,891,558
Change in Net Position	\$ 1,498,402	\$ (515,507)	\$ 2,013,909

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$34,880,771. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$3,418,675 because the cost was paid by those who benefited from the programs (\$65,549) or by other governments and organizations who subsidized certain programs with grants and contributions (\$9,363,639). We paid for the remaining "public benefit" portion of our governmental activities with \$23,531,310 in Federal and State funds and other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction related services, student support services, general administration, maintenance and operations, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Table 3

	Net Cost of Services		
	2015	2014	Variance
Instruction related	\$ 14,195,496	\$ 15,527,506	\$ (1,332,010)
Pupil services	3,661,152	2,978,480	682,672
General administration	2,354,794	2,155,186	199,608
Maintenance and operations	2,795,216	2,912,007	(116,791)
Other	2,444,925	2,199,592	245,333
Total	\$ 25,451,583	\$ 25,772,771	\$ (321,188)

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 2015. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District budgeted a decrease in General Fund balance of \$944,431. Although revenues were 1,372,204 more than budgeted, expenditures were \$2,881,918 more than budgeted, leaving the fund with a decrease of \$2,454,145 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had \$47,472,750 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment (Table 4).

Table 4

	Governmental Activities		
	2015	2014	Variance
Land	\$ 2,432,571	\$ 2,432,571	\$ -
Construction in progress	16,338,929	18,609,292	(2,270,363)
Land improvements	2,099,181	1,438,951	660,230
Buildings and improvements	24,999,438	7,997,896	17,001,542
Equipment	1,602,631	1,181,525	421,106
Total	\$ 47,472,750	\$ 31,660,235	\$ 15,391,409

This year's additions to capital assets include additions for buildings, building improvements, land improvements, equipment, and work in progress for construction projects.

Several capital projects are planned for the 2015-2016 year. We anticipate capital additions to be approximately \$771 thousand for the 2015-2016 year. We present more detailed information about our capital assets in the Notes to Financial Statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Long-Term Obligations Other Than Pensions

At the end of this year, the District had \$37,708,084 in obligations other than pensions outstanding. Those obligations consisted of:

Table 5

	Governmental Activities		
	2015	2014	Variance
General obligation bonds	\$ 16,668,532	\$ 16,880,378	\$ (211,846)
Bond anticipation note	6,342,492	-	6,342,492
Certificates of participation	12,995,000	12,995,000	-
Compensated absences	298,933	246,756	52,177
Early retirement incentive	447,063	628,952	(181,889)
Early retirement incentive - CalSTRS	-	1,995	(1,995)
Capital leases	43,343	56,727	(13,384)
Other postemployment benefits	912,721	745,052	167,669
Total	\$ 37,708,084	\$ 31,554,860	\$ 6,153,224

The District's general obligation bond S&P rating is "S-1+". The current year increase was due to the issuance of a bond anticipation note in the amount of \$6,195,000. We present more detailed information regarding our long-term obligations in the Notes to Financial Statements.

Net Pension Liability (NPL)

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which required the District to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. The implementation resulted in a reduction of beginning net position of \$21,783,075. As of June 30, 2015, the District reported Deferred Outflows from pension activities of \$1,501,547, Deferred Inflows from pension activities of \$4,900,984, and a Net Pension Liability of \$18,492,025. We present more detailed information regarding our net pension liability in the Notes to Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-2015 ARE NOTED BELOW:

Projects completed and in progress include the American Union modernization, American Union New Wing, along with the Washington Union High School Modernization project which includes the athletic stadium, renovating classroom, school safety and access, technology, athletic facilities and the New District Office.

The District concluded the 2014-2015 negotiations for the certificated bargaining unit and the classified negotiations are in progress.

WASHINGTON UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2015-2016 fiscal year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

The enactment of the new Local Control Funding Formula (LCFF) and the pace of California's economic recovery are important factors affecting the District's future. The District is projected to be at full implementation in the fiscal year 2020-2021, LCFF is anticipated to bring the District an additional \$6.5 million per year in state revenues as compared to 2012-2013 state funding levels. Full implementation is planned to span eight years but will vary depending on the pace of California's economic recovery.

Expenditures are based on prior year spending levels. Staffing costs are projected to increase or to remain the same during the new budget year, based on new revenue and addressing program needs. The District has budgeted supplies, services and operating expenses to remain the same as the prior year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and 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 any additional financial information, contact the Washington Unified School District at 2888 S. Ivy Avenue, Fresno, California 93706.

*Chris Vaz, Chief Business Official
Washington Unified School District
2888 S. Ivy Avenue, Fresno, CA. 93706
(559) 495-5600*

WASHINGTON UNIFIED SCHOOL DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities
ASSETS	
Deposits and investments	\$ 6,284,562
Receivables	2,408,826
Nondepreciable capital assets	18,771,500
Capital assets being depreciated	42,958,363
Accumulated depreciation	<u>(14,257,113)</u>
Total Assets	<u>56,166,138</u>
DEFERRED OUTFLOWS OF RESOURCES	
Current year pension contribution	<u>1,501,547</u>
Total Deferred Outflows of Resources	<u>1,501,547</u>
LIABILITIES	
Accounts payable	2,741,470
Current portion of long-term obligations other than pensions	1,119,742
Noncurrent portion of long-term obligations other than pensions	36,588,342
Aggregate net pension liability	<u>18,492,025</u>
Total Liabilities	<u>58,941,579</u>
DEFERRED INFLOWS OF RESOURCES	
Difference between projected and actual earnings on pension plan investments	<u>4,900,984</u>
Total Deferred Inflows of Resources	<u>4,900,984</u>
NET POSITION	
Net investment in capital assets	14,068,329
Restricted for:	
Debt service	840,309
Capital projects	506,501
Educational programs	285,707
Other activities	83,319
Unrestricted	<u>(21,959,043)</u>
Total Net Position	<u>\$ (6,174,878)</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 17,260,809	\$ 4,497	\$ 3,999,173	\$ 2,415,809
Instruction-related activities:				
Supervision of instruction	1,500,343	-	616,677	-
Instructional library, media, and technology	261,402	-	18,031	-
School site administration	2,300,901	-	73,772	-
Pupil services:				
Home-to-school transportation	1,928,735	1,463	106,252	-
Food services	1,502,125	39,311	1,015,175	-
All other pupil services	1,960,099	5	567,601	-
Administration:				
Data processing	376,013	-	239	-
All other administration	2,253,189	2,282	271,887	-
Plant services	2,835,087	834	39,037	-
Ancillary services	856,304	-	79,863	-
Interest on long-term obligations	1,620,189	-	-	-
Other outgo	225,575	17,157	160,123	-
Total Governmental Activities	\$ 34,880,771	\$ 65,549	\$ 6,947,830	\$ 2,415,809

General revenues and subventions:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Taxes levied for other specific purposes
- Federal and State aid not restricted to specific purposes
- Interest and investment earnings
- Interagency revenues
- Miscellaneous

Subtotal, General Revenues

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expenses)
Revenues and
Changes in
Net Position
Governmental
Activities
\$ (10,841,330)
(883,666)
(243,371)
(2,227,129)
(1,821,020)
(447,639)
(1,392,493)
(375,774)
(1,979,020)
(2,795,216)
(776,441)
(1,620,189)
(48,295)
<u>(25,451,583)</u>
2,149,431
1,189,955
79,289
22,249,686
83,465
2,280
1,195,879
<u>26,949,985</u>
1,498,402
<u>(7,673,280)</u>
<u>\$ (6,174,878)</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>
ASSETS			
Deposits and investments	\$ 2,003,798	\$ 2,689,428	\$ 1,591,336
Receivables	2,134,262	12,280	262,284
Due from other funds	161,124	-	-
Total Assets	<u>\$ 4,299,184</u>	<u>\$ 2,701,708</u>	<u>\$ 1,853,620</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,422,341	\$ 56,762	\$ 262,367
Due to other funds	-	-	161,124
Total Liabilities	<u>2,422,341</u>	<u>56,762</u>	<u>423,491</u>
Fund Balances:			
Nonspendable	10,000	-	100
Restricted	285,707	2,644,946	1,430,029
Assigned	70,804	-	-
Unassigned	1,510,332	-	-
Total Fund Balances	<u>1,876,843</u>	<u>2,644,946</u>	<u>1,430,129</u>
Total Liabilities and Fund Balances	<u>\$ 4,299,184</u>	<u>\$ 2,701,708</u>	<u>\$ 1,853,620</u>

The accompanying notes are an integral part of these financial statements.

**Total
Governmental
Funds**

\$	6,284,562
	2,408,826
	161,124
<u>\$</u>	<u>8,854,512</u>

\$	2,741,470
	161,124
<u>\$</u>	<u>2,902,594</u>

	10,100
	4,360,682
	70,804
	1,510,332
<u>\$</u>	<u>5,951,918</u>

<u>\$</u>	<u>8,854,512</u>
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WASHINGTON UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Fund Balance - Governmental Funds		\$ 5,951,918
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 61,729,863	
Accumulated depreciation is	<u>(14,257,113)</u>	
Net Capital Assets		47,472,750
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		1,501,547
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(4,900,984)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General obligation bonds	16,668,532	
Bond anticipation note	6,342,492	
Certificates of participation	12,995,000	
Compensated absences	298,933	
Early retirement incentive	447,063	
Capital leases	43,343	
Other postemployment benefits	912,721	
Net pension liability	<u>18,492,025</u>	
Total Long-Term Obligations		<u>(56,200,109)</u>
Total Net Position - Governmental Activities		<u><u>\$ (6,174,878)</u></u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Building Fund	Non-Major Governmental Funds
REVENUES			
Local Control Funding Formula	\$ 23,477,860	\$ -	\$ -
Federal sources	3,497,336	-	1,187,478
Other State sources	2,229,735	-	2,875,969
Other local sources	1,592,294	27,260	1,319,637
Total Revenues	30,797,225	27,260	5,383,084
EXPENDITURES			
Current			
Instruction	15,990,500	-	273,739
Instruction-related activities:			
Supervision of instruction	1,411,794	-	66,170
Instructional library, media and technology	278,878	-	-
School site administration	2,201,639	-	484
Pupil services:			
Home-to-school transportation	1,673,438	-	-
Food services	48,002	-	1,277,779
All other pupil services	1,928,575	-	1,152
Administration:			
Data processing	380,242	-	-
All other administration	2,185,607	-	79,115
Plant services	2,400,637	7,107	116,449
Facility acquisition and construction	3,397,891	11,734,732	2,222,644
Ancillary services	854,995	-	-
Other outgo	225,575	-	-
Debt service			
Principal	13,384	-	190,000
Interest and other	260,213	464,593	946,728
Total Expenditures	33,251,370	12,206,432	5,174,260
Excess (Deficiency) of Revenues Over Expenditures	(2,454,145)	(12,179,172)	208,824
Other Financing Sources (Uses)			
Other sources	-	6,195,000	176,991
Net Financing Sources (Uses)	-	6,195,000	176,991
NET CHANGE IN FUND BALANCES	(2,454,145)	(5,984,172)	385,815
Fund Balance - Beginning	4,330,988	8,629,118	1,044,314
Fund Balance - Ending	\$ 1,876,843	\$ 2,644,946	\$ 1,430,129

The accompanying notes are an integral part of these financial statements.

**Total
Governmental
Funds**

\$	23,477,860
	4,684,814
	5,105,704
	2,939,191
	<u>36,207,569</u>
	16,264,239
	1,477,964
	278,878
	2,202,123
	1,673,438
	1,325,781
	1,929,727
	380,242
	2,264,722
	2,524,193
	17,355,267
	854,995
	225,575
	203,384
	<u>1,671,534</u>
	<u>50,632,062</u>
	<u>(14,424,493)</u>
	<u>6,371,991</u>
	<u>6,371,991</u>
	(8,052,502)
	14,004,420
\$	<u><u>5,951,918</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT

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

Total Net Change in Fund Balances - Governmental Funds **\$ (8,052,502)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 17,862,106	
Depreciation expense	<u>(2,049,591)</u>	
Net Expense Adjustment		15,812,515

Proceeds received from the sale of bond anticipation notes are revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities. (6,371,991)

In governmental funds, debt premiums are recognized as revenues. In the government-wide statements, premiums are amortized over the life of the debt.

General obligation bonds premium		21,846
Bond anticipation note premium		29,499

In the Statement of Activities, compensated absences (vacations) are measured by the amounts earned during the year. Special termination benefits decreased by \$181,889, CalSTRS golden handshake was paid in the amount of \$1,995. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned was more than the amounts used by \$52,177. 131,707

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (108,387)

Postemployment benefits other than pensions (OPEB): 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. This year, the difference between OPEB costs and actual employer contributions was: (167,669)

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued FOR THE YEAR ENDED JUNE 30, 2015

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	\$ 190,000
Capital lease obligations	<u>13,384</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,498,402</u></u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Scholarship Trust</u>	<u>Agency Funds</u>
ASSETS		
Deposits and investments	\$ 92,902	\$ 175,920
Total Assets	<u>92,902</u>	<u>\$ 175,920</u>
LIABILITIES		
Due to student groups	-	\$ 175,920
Total Liabilities	<u>-</u>	<u>\$ 175,920</u>
NET POSITION		
Reserved for scholarships	92,902	
Total Net Position	<u>\$ 92,902</u>	

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Scholarship Trust
ADDITIONS	
Private donations	\$ 14,810
Total Additions	<u>14,810</u>
DEDUCTIONS	
Scholarships awarded	10,250
Other expenditures	14
Total Deductions	<u>10,264</u>
Change in Net Position	4,546
Net Position - Beginning	88,356
Net Position - Ending	<u>\$ 92,902</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Washington Unified School District (the District) was formed on July 1, 2011, from the unification of the American Union Elementary School District, the Washington Union High School District, and the West Fresno Elementary School District, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates two elementary schools, one middle school, one high school, a continuation high school, a community day school, and an independent study site.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, fund balance, and revenues of \$410, \$410, and \$5, respectively.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Debt Service Funds The Debt Service funds are used to account for the accumulation of restricted, committed, or assigned resources for and the payment of principal and interest on general long-term obligations.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into two classifications: scholarship trust funds and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust fund is the scholarship trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting; which differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. 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*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Investments

Investments held at June 30, 2015, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the county treasurer.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term obligations.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Debt Premiums

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Debt premiums are amortized over the life of the bonds using the straight-line method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the current year pension contributions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Fund Balances - Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$1,715,836 of restricted net position.

Estimates

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

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Budgetary Data

The budgetary process is prescribed by provisions of the *California Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary 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 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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 requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

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*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

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 District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$21,783,075. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 6,284,562
Fiduciary funds	268,822
Total Deposits and Investments	<u>\$ 6,553,384</u>

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	\$ 1,253,250
Cash in revolving	10,100
Investments	5,290,034
Total Deposits and Investments	<u>\$ 6,553,384</u>

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	\$ 5,250,045	\$ -	\$ -	\$ 5,250,045	\$ -
Certificate of Deposits	62,406	62,406	-	-	-
Mutual Funds	9,468	-	-	-	9,468
Total	\$ 5,321,919	\$ 62,406	\$ -	\$ 5,250,045	\$ 9,468

NOTE 3 - RECEIVABLES

Receivables at June 30, 2015, consisted of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	\$ 964,379	\$ -	\$ 200,054	\$ 1,164,433
State Government				
State sources	992,862	-	23,037	1,015,899
Local Sources	177,021	12,280	39,193	228,494
Total	\$ 2,134,262	\$ 12,280	\$ 262,284	\$ 2,408,826

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 2,432,571	\$ -	\$ -	\$ 2,432,571
Construction in process	18,609,292	14,942,026	17,212,389	16,338,929
Total Capital Assets Not Being Depreciated	<u>21,041,863</u>	<u>14,942,026</u>	<u>17,212,389</u>	<u>18,771,500</u>
Capital Assets Being Depreciated				
Land improvements	3,241,669	880,083	-	4,121,752
Buildings and improvements	15,854,852	17,883,454	-	33,738,306
Furniture and equipment	3,729,373	1,368,932	-	5,098,305
Total Capital Assets Being Depreciated	<u>22,825,894</u>	<u>20,132,469</u>	<u>-</u>	<u>42,958,363</u>
Less Accumulated Depreciation				
Land improvements	1,802,718	219,853	-	2,022,571
Buildings and improvements	7,856,956	881,912	-	8,738,868
Furniture and equipment	2,547,848	947,826	-	3,495,674
Total Accumulated Depreciation	<u>12,207,522</u>	<u>2,049,591</u>	<u>-</u>	<u>14,257,113</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,660,235</u>	<u>\$ 33,024,904</u>	<u>\$ 17,212,389</u>	<u>\$ 47,472,750</u>

Depreciation expense was charged to functional expenses as follows:

Governmental Activities	
Instruction	\$ 942,811
School site administration	61,488
Home-to-school transportation	532,894
Food services	163,967
All other general administration	40,992
Data processing	20,496
Plant services	286,943
Total Depreciation Expenses, Governmental Activities	<u>\$ 2,049,591</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2015, are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Fund		
General	\$ 161,124	\$ -
Non-Major Governmental Funds		
Child Development	-	9,946
Cafeteria	-	151,178
Total Non-Major Governmental Funds	-	161,124
Total All Governmental Funds	<u>\$ 161,124</u>	<u>\$ 161,124</u>

The Child Development Fund owes the General Fund for indirect costs and workers' compensation premiums.	\$ 9,946
The Cafeteria Fund owes the General Fund for indirect costs and workers' compensation premiums.	82,373
The Cafeteria Fund owes the General Fund for prior year indirect costs and workers' compensation premiums.	68,805
Total	<u>\$ 161,124</u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consist of the following:

	General Fund	Building Funds	Non-Major Governmental Fund	Total Governmental Activities
Vendor payables	\$ 1,701,477	\$ 56,762	\$ 254,475	\$ 2,012,714
Deferred payroll	720,864	-	-	720,864
Salaries and benefits	-	-	7,892	7,892
Total	<u>\$ 2,422,341</u>	<u>\$ 56,762</u>	<u>\$ 262,367</u>	<u>\$ 2,741,470</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 7 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

At July 1, 2014, the District had outstanding Tax and Revenue Anticipation Notes in the amount of \$1,700,000, which matured on October 1, 2014.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

<u>Issue Date</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Outstanding June 30, 2015</u>
March 14, 2014	2.00%	October 1, 2014	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>

NOTE 8 - LONG-TERM OBLIGATIONS OTHER THAN PENSIONS

Summary

The changes in the District's long-term obligations other than pensions during the year consisted of the following:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due in One Year</u>
General obligation bonds	\$ 16,225,000	\$ -	\$ 190,000	\$ 16,035,000	\$ 400,000
General obligation bonds premium	655,378	-	21,846	633,532	21,846
Bond anticipation note	-	6,195,000	-	6,195,000	-
Bond anticipation note premium	-	176,991	29,499	147,492	29,499
Certificates of participation	12,995,000	-	-	12,995,000	500,000
Compensated absences - net	246,756	52,177	-	298,933	-
Early retirement incentive - PARS	628,952	-	181,889	447,063	154,495
Early retirement incentive - CalSTRS	1,995	-	1,995	-	-
Capital leases	56,727	-	13,384	43,343	13,902
Other postemployment benefits	745,052	661,704	494,035	912,721	-
Total	<u>\$ 31,554,860</u>	<u>\$ 7,085,872</u>	<u>\$ 932,648</u>	<u>\$ 37,708,084</u>	<u>\$ 1,119,742</u>

Payments on the general obligation bonds and bond anticipation note were made by the Bond Interest and Redemption Fund with local tax revenues. Payments on the certificates of participation were made by the General Fund and the Building Fund. The compensated absences, early retirement incentive, early retirement incentive-CalSTRS, and other postemployment benefits were paid by the fund for which the employee worked. Payments for the capital leases were made by the General Fund.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2014	Redeemed	Bonds Outstanding June 30, 2015
5/4/2010	5/1/2023	4.5-5.0%	\$ 2,365,000	\$ 1,880,000	\$ 190,000	\$ 1,690,000
5/4/2010	5/1/2035	6.6%	2,500,000	2,500,000	-	2,500,000
11/6/2012	8/1/2028	2.0-5.0%	11,965,000	11,845,000	-	11,845,000
Total				<u>\$ 16,225,000</u>	<u>\$ 190,000</u>	<u>\$ 16,035,000</u>

Debt Service Requirements to Maturity

The bonds mature as follows:

West Fresno 2010 Refunding

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ 200,000	\$ 76,050	\$ 276,050
2017	205,000	67,050	272,050
2018	215,000	57,826	272,826
2019	220,000	48,150	268,150
2020	230,000	38,250	268,250
2021-2023	620,000	50,850	670,850
Total	<u>\$ 1,690,000</u>	<u>\$ 338,176</u>	<u>\$ 2,028,176</u>

West Fresno 1997 Series C

Fiscal Year	Principal	Interest to Maturity	Total
2016	\$ -	\$ 165,000	\$ 165,000
2017	-	165,000	165,000
2018	-	165,000	165,000
2019	-	165,000	165,000
2020	-	165,000	165,000
2021-2025	290,000	815,760	1,105,760
2026-2030	925,000	615,120	1,540,120
2031-2035	1,285,000	265,320	1,550,320
Total	<u>\$ 2,500,000</u>	<u>\$ 2,521,200</u>	<u>\$ 5,021,200</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Washington Unified 2012 Series A

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 200,000	\$ 497,831	\$ 697,831
2017	220,000	493,831	713,831
2018	250,000	487,231	737,231
2019	245,000	479,731	724,731
2020	95,000	472,381	567,381
2021-2025	775,000	2,303,255	3,078,255
2026-2030	1,590,000	2,131,156	3,721,156
2031-2035	2,475,000	1,788,600	4,263,600
2036-2040	2,665,000	1,255,250	3,920,250
2041-2044	3,330,000	435,500	3,765,500
Total	<u>\$ 11,845,000</u>	<u>\$ 10,344,766</u>	<u>\$ 22,189,766</u>

Bond Anticipation Note

The outstanding bond anticipation note (BAN) is as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>BAN Outstanding July 1, 2014</u>	<u>Issued</u>	<u>BAN Outstanding June 30, 2015</u>
1/7/2015	1/1/2020	2.75%	\$ 6,195,000	\$ -	\$ 6,195,000	\$ 6,195,000

Debt Service Requirements to Maturity

The bond anticipation note matures as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ -	\$ 170,363	\$ 170,363
2017	-	170,363	170,363
2018	-	170,363	170,363
2019	-	170,363	170,363
2020	6,195,000	85,179	6,280,179
Total	<u>\$ 6,195,000</u>	<u>\$ 766,631</u>	<u>\$ 6,961,631</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Certificates of Participation

On October 1, 2103, the Washington Unified School District issued certificates of participation in the amount of \$12,995,000 with interest rates ranging from 2.0 to 5.3 percent. As of June 30, 2015, the principal balance outstanding was \$12,995,000.

The certificates mature through 2034 as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 500,000	\$ 531,214	\$ 1,031,214
2017	510,000	521,114	1,031,114
2018	520,000	510,814	1,030,814
2019	535,000	497,588	1,032,588
2020	550,000	481,613	1,031,613
2021-2025	3,025,000	2,110,364	5,135,364
2026-2030	3,695,000	1,404,038	5,099,038
2031-2034	3,660,000	393,381	4,053,381
Total	<u>\$ 12,995,000</u>	<u>\$ 6,450,126</u>	<u>\$ 19,445,126</u>

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2015, amounted to \$298,933.

PARS Early Retirement Incentive

The District entered into an agreement with 18 employees where the employees would be given varying amounts per participant for five years. The outstanding liability for this plan was \$447,063 at June 30, 2015.

The annual payments are as follows:

Year Ending June 30,	Payment
2016	\$ 154,495
2017	154,495
2018	138,073
Total	<u>\$ 447,063</u>

CalSTRS - Early Retirement Incentive

The remaining obligation for the CalSTRS early retirement was paid by June 30, 2015.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2014	\$ 56,727
Payments	13,384
Balance, June 30, 2015	<u>\$ 43,343</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2016	\$ 15,579
2017	15,580
2018	15,580
Total	<u>46,739</u>
Less: Amount Representing Interest	3,396
Present Value of Minimum Lease Payments	<u>\$ 43,343</u>

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2015, was \$631,902, and contributions made by the District during the year were \$450,949 (includes factor of 1.1205 to adjust for the implicit rate subsidy). Interest on the net OPEB obligation and adjustments to the annual required contribution were \$29,802 and \$(43,086), respectively, which resulted in an increase to the net OPEB obligation of \$167,669. As of June 30, 2015, the net OPEB obligation was \$912,721. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 9 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 10,000	\$ -	\$ 100	\$ 10,100
Total Nonspendable	<u>10,000</u>	<u>-</u>	<u>100</u>	<u>10,100</u>
Restricted				
Legally restricted programs	285,707	-	83,219	368,926
Capital projects	-	2,644,946	506,501	3,151,447
Debt services	-	-	840,309	840,309
Total Restricted	<u>285,707</u>	<u>2,644,946</u>	<u>1,430,029</u>	<u>4,360,682</u>
Assigned				
Future maintenance projects	70,394	-	-	70,394
Other	410	-	-	410
Total Assigned	<u>70,804</u>	<u>-</u>	<u>-</u>	<u>70,804</u>
Unassigned	<u>1,510,332</u>	<u>-</u>	<u>-</u>	<u>1,510,332</u>
Total	<u>\$ 1,876,843</u>	<u>\$ 2,644,946</u>	<u>\$ 1,430,129</u>	<u>\$ 5,951,918</u>

NOTE 10 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2015, the following District major fund exceeded the budgeted amounts as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General			
Certificated salaries	\$ 11,978,959	\$ 12,120,546	\$ 141,587
Classified salaries	\$ 3,815,928	\$ 4,042,016	\$ 226,088
Employee benefits	\$ 6,949,940	\$ 7,524,011	\$ 574,071
Books and supplies	\$ 1,272,029	\$ 1,522,030	\$ 250,001
Services and operating expenditures	\$ 4,288,851	\$ 4,559,741	\$ 270,890
Other outgo	\$ 75,597	\$ 146,460	\$ 70,863
Capital outlay	\$ 1,704,461	\$ 3,062,969	\$ 1,358,508
Debt Service - Principal	\$ 12,887	\$ 13,384	\$ 497

The excess in employee benefits within the General Fund is due primarily to on behalf contributions made by the State to CalSTRS which have been reported in both State revenues and employee benefits expenditures in the amount of \$606,421 which were not included in the budgeted amounts.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Washington Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of approximately 40 retirees and beneficiaries currently receiving benefits and approximately 260 active plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District, the Teachers Association, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014-2015, the District contributed \$402,453 to the plan (excluding the implicit rate subsidy factor), all of which was used for current premiums (approximately 92 percent of total premiums). Plan members receiving benefits contributed \$33,700, or approximately eight percent of the total premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 631,902
Interest on net OPEB obligation	29,802
Adjustment to annual required contribution	<u>(43,086)</u>
Annual OPEB cost (expense)	618,618
Contributions made	<u>(450,949)</u>
Increase in net OPEB obligation	167,669
Net OPEB obligation, beginning of year	<u>745,052</u>
Net OPEB obligation, end of year	<u><u>\$ 912,721</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2015	\$ 618,618	\$ 450,949	72.90%	\$ 912,721
2014	660,009	520,781	78.91%	745,052
2013	663,082	458,927	69.21%	605,824

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected 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, 2014	\$ -	\$ 6,129,460	\$ 6,129,460	0%	\$ 15,687,740	39.07%

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. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

In the July 1, 2014, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a five percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial five percent to an ultimate rate of eight percent. The cost trend rate used for the Dental and Vision programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2015, was 24 years.

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District contracted with Organization of Self-Insured Schools for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2015, the District participated in the Fresno County Self-Insurance Group, an insurance purchasing pool. The intent of the Fresno County Self-Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Fresno County Self-Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Fresno County Self-Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Fresno County Self-Insurance Group. Participation in the Fresno County Self-Insurance Group is limited to districts that can meet the Fresno County Self-Insurance Group selection criteria.

Employee Medical Benefits

The District has contracted with the California's Valued Trust (CVT) to provide employee health benefits. CVT is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Proportionate Share of Deferred Inflow of Resources</u>	<u>Proportionate Share of Pension Expense</u>
CalSTRS	\$ 14,924,366	\$ 1,059,762	\$ 3,675,097	\$ 1,288,455
CalPERS	3,567,659	441,785	1,225,887	317,092
Total	<u>\$ 18,492,025</u>	<u>\$ 1,501,547</u>	<u>\$ 4,900,984</u>	<u>\$ 1,605,547</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the District's total contributions were \$1,059,762.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 14,924,366
State's proportionate share of the net pension liability associated with the District	<u>9,011,976</u>
Total	<u><u>\$ 23,936,342</u></u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0255 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,288,455. In addition, the District recognized revenue and pension expense of \$778,025 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,059,762	\$ -
Difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>3,675,097</u>
Total	<u><u>\$ 1,059,762</u></u>	<u><u>\$ 3,675,097</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 918,774
2017	918,774
2018	918,774
2019	918,775
Total	<u>\$ 3,675,097</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary' investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of ten-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 23,263,183
Current discount rate (7.60%)	\$ 14,924,366
1% increase (8.60%)	\$ 7,971,308

California Public Employees Retirement System (CalPERS)

Plan Description

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

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total District contributions were \$441,785.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$3,567,659. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0314 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$317,092. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 441,785	\$ -
Difference between projected and actual earnings on pension plan investments	-	1,225,887
Total	<u>\$ 441,785</u>	<u>\$ 1,225,887</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amortization</u>
2016	\$ 306,472
2017	306,472
2018	306,472
2019	306,471
Total	<u>\$ 1,225,887</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 6,258,489
Current discount rate (7.50%)	\$ 3,567,659
1% increase (8.50%)	\$ 1,319,200

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$606,421 (5.679 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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 not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

Litigation

The District is not currently a party to any legal proceedings.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
American Union Elementary School new construction	\$ 557,317	January 31, 2016
Washington Union High School modernization	128,475	October 31, 2015
New district office building	59,221	October 31, 2015
Total	<u>\$ 745,013</u>	

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Fresno County Self-Insurance Group (FCSIG), the Organization of Self-Insured Schools (OSS) and the California's Valued Trust (CVT) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

The District has appointed no members to the governing board of FCSIG.

During the year ended June 30, 2015, the District made payment of \$404,173 to FCSIG for workers' compensation insurance.

The District has appointed no members to the governing board of OSS.

During the year ended June 30, 2015, the District made payment of \$171,397 to OSS for liability and property damage insurance.

The District has appointed one member to the governing board of CVT.

During the year ended June 30, 2015, the District made payment of \$4,248,395 to CVT for health coverage.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position

Net Position - Beginning	\$ 14,109,795
Restatement - GASB Statement No. 68, Net Pension Liability	<u>(21,783,075)</u>
Net Position - Beginning as Restated	<u><u>\$ (7,673,280)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Favorable
				(Unfavorable)
				Final to Actual
REVENUES				
Local Control Funding Formula	\$ 23,449,922	\$ 23,440,625	\$ 23,477,860	\$ 37,235
Federal sources	2,751,522	3,326,050	3,497,336	171,286
Other State sources	1,305,398	1,184,023	2,229,735	1,045,712
Other local sources	1,157,703	1,474,323	1,592,294	117,971
Total Revenues ¹	28,664,545	29,425,021	30,797,225	1,372,204
EXPENDITURES				
Current				
Certificated salaries	11,687,397	11,978,959	12,120,546	(141,587)
Classified salaries	3,729,378	3,815,928	4,042,016	(226,088)
Employee benefits	6,966,542	6,949,940	7,524,011	(574,071)
Books and supplies	1,280,986	1,272,029	1,522,030	(250,001)
Services and operating expenditures	4,368,787	4,288,851	4,559,741	(270,890)
Other outgo	75,598	75,597	146,460	(70,863)
Capital outlay	248,755	1,704,461	3,062,969	(1,358,508)
Debt service - principal	3,757	12,887	13,384	(497)
Debt service - interest	786	270,800	260,213	10,587
Total Expenditures ¹	28,361,986	30,369,452	33,251,370	(2,881,918)
NET CHANGE IN FUND BALANCES	302,559	(944,431)	(2,454,145)	(1,509,714)
Fund Balance - Beginning	4,330,988	4,330,988	4,330,988	-
Fund Balance - Ending	\$ 4,633,547	\$ 3,386,557	\$ 1,876,843	\$ (1,509,714)

¹ On behalf payments made by the State to CalSTRS are not included in the budgeted revenues and expenditures in this schedule but are included in the actual revenues and expenditures. In addition, due to the consolidation of Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Non-Capital Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected 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, 2014	\$ -	\$ 6,129,460	\$ 6,129,460	0%	\$ 15,687,740	39.07%

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
CalSTRS	
District's proportion of the net pension liability (asset)	<u>2.5500%</u>
District's proportionate share of the net pension liability (asset)	\$ 14,924,366
State's proportionate share of the net pension liability (asset) associated with the District	<u>9,011,976</u>
Total	<u>\$ 23,936,342</u>
District's covered - employee payroll	<u>\$ 11,219,455</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>133.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>
 CalPERS	
District's proportion of the net pension liability (asset)	<u>0.0314%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 3,567,659</u>
District's covered - employee payroll	<u>\$ 3,110,103</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>114.71%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

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

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
CalSTRS	
Contractually required contribution	\$ 1,059,762
Contributions in relation to the contractually required contribution	<u>1,059,762</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
District's covered - employee payroll	<u>\$ 11,934,257</u>
Contributions as a percentage of covered - employee payroll	<u>8.88%</u>
 CalPERS	
Contractually required contribution	\$ 441,785
Contributions in relation to the contractually required contribution	<u>441,785</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
District's covered - employee payroll	<u>\$ 3,753,165</u>
Contributions as a percentage of covered - employee payroll	<u>11.771%</u>

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

SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education (CDE):			
No Child Left Behind			
Title I - Part A, Basic	84.010	14329	\$ 2,048,728
Title I - Part C, Migrant Education, Regular	84.011	14326	69,293
Title I - Part C, Migrant Education, Summer	84.011	10005	4,487
Title I - Part G, Advanced Placement Test Fee	84.330	14831	4,366
Title II - Part A, Teacher Quality	84.367	14341	308,426
Title III - Limited English Proficiency	84.365	14346	196,250
Title IV - Part B, 21st Century	84.287	14349	315,911
Vocational Education - Applied Technology	84.048	14894	62,422
IDEA, Basic Local Assistance	84.027	13379	359,334
Total U.S. Department of Education			<u>3,369,217</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	849,679
Especially Needy Breakfast	10.553	13526	239,031
Meals Supplements - Snack	10.555	13391	78,630
Summer Food Program	10.559	13004	20,138
Food Distribution - Commodities	10.555	13391	49,133
Subtotal - Child Nutrition Cluster			<u>1,236,611</u>
Total U.S. Department of Agriculture			<u>1,236,611</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medi-Cal Administrative Activities	93.778	10060	128,119
Total U.S. Department of Health and Human Services			<u>128,119</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,733,947</u></u>

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2015

ORGANIZATION

The Washington Unified School District was unified on July 1, 2011, and consists of an area comprising approximately 99 square miles. The District operates two elementary schools, one middle school, one high school, a continuation high school, a community day school, and an independent study site. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jim Curtis	President	2016
Antonio Rodriguez, Jr.	Vice President	2016
Frank O. Butterfield, Jr.	Clerk	2016
Steven Barra	Member	2018
Darrell Carter	Member	2018
Dr. Henry Hendrix	Member	2018
Neil Amaral	Member	2016

ADMINISTRATION

John Pectorich	District Superintendent
Joey Campbell	Assistant Superintendent
Jill Tafoya	Assistant Superintendent
Chris Vaz	Chief Business Official

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2015

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	640.61	638.21
Fourth through sixth	475.37	472.57
Seventh and eighth	241.84	240.15
Ninth through twelfth	1,060.60	1,059.14
Total Regular ADA	<u>2,418.42</u>	<u>2,410.07</u>
Community Day School		
Ninth through twelfth	5.80	5.97
Total Community Day School	<u>5.80</u>	<u>5.97</u>
Total ADA	<u><u>2,424.22</u></u>	<u><u>2,416.04</u></u>

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015**

Grade Level	1986-1987	Reduced	2014-2015 Actual Minutes	Number of Days		Status
	Minutes Requirement	1986-1987 Minutes Requirement		Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	35,000	56,090	180	N/A	Complied
Grades 1 - 3	50,400	49,000				
Grade 1			54,035	180	N/A	Complied
Grade 2			54,035	180	N/A	Complied
Grade 3			54,035	180	N/A	Complied
Grades 4 - 6	54,000	52,500				
Grade 4			60,520	180	N/A	Complied
Grade 5			60,520	180	N/A	Complied
Grade 6			61,449	180	N/A	Complied
Grades 7 - 8	54,000	52,500				
Grade 7			61,449	180	N/A	Complied
Grade 8			61,449	180	N/A	Complied
Grades 9 - 12	64,800	63,000				
Grade 9			63,430	180	N/A	Complied
Grade 10			63,430	180	N/A	Complied
Grade 11			63,430	180	N/A	Complied
Grade 12			63,430	180	N/A	Complied

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no adjustments to the Unaudited Actual Financial Report which required reconciliation to the audited financial statements at June 30, 2015.

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

	(Budget)			
	2016 ^{1, 3, 4}	2015 ³	2014 ^{3, 5}	2013 ^{3, 4}
GENERAL FUND				
Revenues	\$ 31,849,140	\$ 30,796,259	\$ 27,035,733	\$ 26,161,198
Other sources and transfers in	-	-	-	6,769
Total Revenues and Other Sources	31,849,140	30,796,259	27,035,733	26,167,967
Expenditures	30,389,812	33,251,370	26,911,957	26,106,280
Other uses and transfers out	-	-	53,562	11,017
Total Expenditures and Other Uses	30,389,812	33,251,370	26,965,519	26,117,297
INCREASE/(DECREASE) IN FUND BALANCE	\$ 1,459,328	\$ (2,455,111)	\$ 70,214	\$ 50,670
ENDING FUND BALANCE	\$ 5,720,478	\$ 1,806,039	\$ 4,261,150	\$ 4,190,936
AVAILABLE RESERVES ²	\$ 2,733,983	\$ 1,510,332	\$ 3,603,814	\$ 2,819,500
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	9.0%	4.5%	13.4%	10.8%
LONG-TERM OBLIGATIONS	Not Available	\$ 56,200,109	\$ 54,653,863	\$ 18,961,596
AVERAGE DAILY ATTENDANCE AT P-2	2,424	2,424	2,458	2,429

The General Fund balance has decreased by \$2,384,897 over the past year. The fiscal year 2015-2016 budget projects an increase of \$1,459,328 (80.8 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2015-2016 fiscal year. Total long-term obligations have increased by \$37,238,513 over the past two years due primarily to the recognition of a net pension liability totaling \$18,492,025 as required by the implementation of GASB Statement No. 68.

Average daily attendance has decreased by five over the past two years. No change in ADA is anticipated during fiscal year 2015-2016.

¹ Budget 2016 is included for analytical purposes only and has not been subjected to audit.

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

³ On behalf payments made by the State to CalSTRS have been included in revenues and expenditures in the 2015 fiscal year, but were not included in the 2013 or 2014 fiscal years, and are not included in the budget for fiscal year 2016.

⁴ General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund and the Special Reserve Non-Capital Fund as required by GASB Statement No. 54.

⁵ The 2014 long-term obligations were restated due to the implementation of GASB Statement No. 68.

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
W.E.B. DuBois Public Charter (Charter Number 0270)	No

See accompanying note to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	\$ 10,032	\$ 116,495	\$ 151,404
Receivables	7,827	250,019	365
Total Assets	\$ 17,859	\$ 366,514	\$ 151,769
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,913	\$ 132,017	\$ 121,465
Due to other funds	9,946	151,178	-
Total Liabilities	17,859	283,195	121,465
Fund Balances:			
Nonspendable	-	100	-
Restricted	-	83,219	30,304
Total Fund Balances	-	83,319	30,304
Total Liabilities and Fund Balances	\$ 17,859	\$ 366,514	\$ 151,769

See accompanying note to supplementary information.

County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ 475,519	\$ 837,886	\$ 1,591,336
1,650	2,423	262,284
<u>\$ 477,169</u>	<u>\$ 840,309</u>	<u>\$ 1,853,620</u>
\$ 972	\$ -	\$ 262,367
-	-	161,124
<u>972</u>	<u>-</u>	<u>423,491</u>
-	-	100
476,197	840,309	1,430,029
<u>476,197</u>	<u>840,309</u>	<u>1,430,129</u>
<u>\$ 477,169</u>	<u>\$ 840,309</u>	<u>\$ 1,853,620</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
REVENUES			
Federal sources	\$ -	\$ 1,187,478	\$ -
Other State sources	345,553	102,204	-
Other local sources	928	56,860	63,843
Total Revenues	<u>346,481</u>	<u>1,346,542</u>	<u>63,843</u>
EXPENDITURES			
Current			
Instruction	273,739	-	-
Instruction-related activities:			
Supervision of instruction	66,170	-	-
School site administration	484	-	-
Pupil services:			
Food services	-	1,277,779	-
All other pupil services	1,152	-	-
Administration:			
All other administration	4,936	74,179	-
Plant services	-	25,895	90,554
Facility acquisition and construction	-	253,828	7,559
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	<u>346,481</u>	<u>1,631,681</u>	<u>98,113</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(285,139)</u>	<u>(34,270)</u>
Other Financing Sources (Uses)			
Other sources	-	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(285,139)</u>	<u>(34,270)</u>
Fund Balance - Beginning	<u>-</u>	<u>368,458</u>	<u>64,574</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 83,319</u>	<u>\$ 30,304</u>

See accompanying note to supplementary information.

County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 1,187,478
2,415,809	12,403	2,875,969
12,414	1,185,592	1,319,637
<u>2,428,223</u>	<u>1,197,995</u>	<u>5,383,084</u>
-	-	273,739
-	-	66,170
-	-	484
-	-	1,277,779
-	-	1,152
-	-	79,115
-	-	116,449
1,961,257	-	2,222,644
-	190,000	190,000
-	946,728	946,728
<u>1,961,257</u>	<u>1,136,728</u>	<u>5,174,260</u>
<u>466,966</u>	<u>61,267</u>	<u>208,824</u>
-	176,991	176,991
-	176,991	176,991
466,966	238,258	385,815
9,231	602,051	1,044,314
<u>\$ 476,197</u>	<u>\$ 840,309</u>	<u>\$ 1,430,129</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget 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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of fair market value of commodities which are not reported as revenues and expenditures in the financial statements.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 4,684,814
Reconciling items:		
Food Distribution - Commodities	10.555	49,133
Total Schedule of Expenditures of Federal Awards		<u>\$ 4,733,947</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor 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 *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by *Education Code* Section 46201.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

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.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS



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

Governing Board
Washington Unified School District
Fresno, 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 Washington Unified School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Washington Unified School District's basic financial statements, and have issued our report thereon dated December 1, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, 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*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington Unified 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 Washington Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Unified 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 District'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Unified 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

We noted certain matters that we reported to management of Washington Unified School District in a separate letter dated December 1, 2015.

Washington Unified School District's Response to Finding

Washington Unified School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Washington Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vannink, Trine, Day & Co., LLP

Fresno, California
December 1, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board
Washington Unified School District
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited Washington Unified 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 Washington Unified School District's (the District) major Federal programs for the year ended June 30, 2015. Washington Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 Washington Unified 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 Washington Unified 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 of Washington Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Washington Unified 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.

Report on Internal Control Over Compliance

Management of Washington Unified 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 Washington Unified 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 Washington Unified 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.

Varrink, Trine, Day & Co., LLP

Fresno, California
December 1, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Washington Unified School District
Fresno, California

Report on State Compliance

We have audited Washington Unified School District's compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Washington Unified School District's State government programs as noted below for the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Washington Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards 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 material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Washington Unified 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. Our audit does not provide a legal determination of Washington Unified School District's compliance with those requirements.

Basis for Qualified Opinion on Classroom Teachers Salaries

As described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001, Washington Unified School District did not comply with requirements regarding Classroom Teachers Salaries. Compliance with such requirements is necessary, in our opinion, for Washington Unified School District to comply with the requirements applicable to that program.

Qualified Opinion on Classroom Teachers Salaries

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Washington Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Programs

In our opinion, Washington Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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

	<u>Procedures Performed</u>
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No (see below)
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	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	No (see below)
Adult Education Maintenance of Effort	No (see below)
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	No (see below)
After School	Yes
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

	Procedures Performed
Local Control Accountability Plan	Yes
Charter Schools:	
Attendance	No (see below)
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Non Classroom-Based Instruction	No (see below)
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

We did not perform continuation education compliance procedures because the ADA was under the level that requires testing.

The District did not offer an Early Retirement Incentive Program for the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

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

The District did not receive any State revenue for the Regional Occupational Centers/Programs in the 2012-2013 fiscal year; therefore, we did not perform any procedures related to Regional Occupational Centers or Programs Maintenance of Effort.

The District did not have any expenditures for the Adult Education Program in the 2012-2013 fiscal year; therefore, we did not perform any procedures related to Adult Education Maintenance of Effort.

We did not perform testing of the General Requirements for the After School Education and Safety Program because the grantee, Fresno County Office of Education, administers the program and has its own audit.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

Additionally, the District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Vannink, Trine, Day & Co, LLP

Fresno, California
December 1, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WASHINGTON UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A, Basic</u>
<u>84.367</u>	<u>Title II, Part A, Teacher Quality</u>
<u>84.027</u>	<u>IDEA, Basic Local Assistance</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs	<u>Unmodified</u>
Unmodified for all programs except for the following program which was qualified:	

<u>Name of Program</u>
<u>Classroom Teacher Salaries</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

WASHINGTON UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

WASHINGTON UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

The following finding represents an instance of noncompliance and/or questioned costs relating to State program laws and regulations. The finding has been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
61000	Classroom Teacher Salaries

2015-001 61000

Classroom Teacher Salaries

Criteria

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55 percent (for unified districts) of total expenditures of the District.

Condition

The District spent 51.22 percent of their current expense of education (\$26,845,603) on classroom teacher salaries and benefits.

Questioned Costs

The deficiency was calculated to be \$1,014,764.

Effect

The deficiency amount was determined to be \$1,014,764; therefore, the District is out of compliance with *Education Code* Section 41372.

Recommendation

We recommend the District continue to work on this requirement and apply for a waiver of the requirement from the Fresno County Office of Education.

Corrective Action Plan

The District is reviewing the CEA requirements as related to *Education Code* Section 41372. The District submitted a waiver to the Fresno County Office of Education based on the determination that the District has salaries and benefits which are higher than that of the surrounding districts of comparable size. The waiver submitted to the Fresno County Office of Education has been approved.

WASHINGTON UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no audit findings reported in the prior year's schedule of financial statement findings.



Governing Board
Washington Unified School District
Fresno, California

In planning and performing our audit of the financial statements of Washington Unified School District, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 1, 2015, on the government-wide financial statements of the District.

WEST FRESNO ELEMENTARY SCHOOL - ASSOCIATED STUDENT BODY (ASB)

Cash Receipts

Observation

Prenumbered receipts or cash receipt logs should be issued for all cash collections by teachers, advisors and the site bookkeeper which would include a specific description of the source of the funds. A carbon of the receipts issued by the teachers and advisors should be forwarded with the cash to the bookkeeper as documentation that all monies collected have been turned in.

Recommendation

All cash collections by teachers/advisors for fundraisers and other similar activities should be receipted or logged. A carbon of these receipts issued or the log should be forwarded with the cash collected to the ASB bookkeeper as documentation that all monies collected have been turned in. The ASB bookkeeper should account for the receipt number sequences on all sub-receipt books to ensure that all collections are intact.

Bank Reconciliation

Observation

The ASB bank statements should be reconciled to the ASB general ledger monthly and that reconciliation should be reviewed by an independent person. Support for all deposits on the bank statement should be kept on file and readily available for observation.

Recommendation

The District should require bank reconciliations be done monthly and reviewed. If staff is not available at the site, the District office should take these tasks. All ASB deposits should have complete supporting documentation on file.

We will review the status of the current year comments during our next audit engagement.

Vannink, Trine, Day & Co, LLP

Fresno, California
December 1, 2015