

WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2018

WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(Continued)

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WESTERN PLACER UNIFIED SCHOOL DISTRICT

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WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District
Lincoln, 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 Western Placer Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Western Placer Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Western Placer Unified School District, as of June 30, 2018, 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.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This resulted in a restatement of the beginning net position of \$(420,854). Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 14 and other Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 58 to 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Placer Unified School District's basic financial statements. The accompanying Schedule of Expenditure of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditure of Federal Awards and supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 Schedule of Expenditure of Federal Awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of Western Placer 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 Western Placer Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 10, 2018

**Western Placer Unified School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

The management's discussion and analysis of Western Placer Unified School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on pages 1 through 3, notes to the financial statements on pages 24 to 57, and the District's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- California K-12 education finance is in the fifth year of an estimated (by the California Department of Finance) eight-year implementation period of the new funding model "Local Control Funding Formula" (LCFF).
- In 2017-18 the District's Total Assets decreased by \$6,538,680 which represents a 2.34% decrease from the 2016-17 fiscal year. The decrease was primarily due to decreases in cash and investments from capital assets, specifically buildings and site improvements and work in progress (WIP) at Glen Edwards Middle School and Twelve Bridges High School of a net \$7.6 million.
- The District's Net Position decreased by \$5,446,510 from June 30, 2017. Total revenues were \$86,511,658, compared to \$91,537,314 in expenditures. There was a restatement of \$420,854 in the beginning Net Position due to the cumulative effect of GASB 75 implementation
- The fund balance of the General Fund decreased overall by \$1,843,214 from the prior year ending the year at \$8,863,002. The fund balance in the unassigned fund balance category decreased by \$1,682,764, having begun the year with a balance of \$9,208,664. This reserve also includes the 3% Reserve for Economic Uncertainty of \$2,168,961. The decrease in fund balance from the prior year was projected in both the original and revised budgets adopted by the Board.
- District enrollment in 2017-18 was 6,960 at Second Period reporting, an increase of 82 students, or 1.2%, with a corresponding increase of 86 Average Daily Attendance (ADA) to 2017-18 ADA of 6,667. For 2018-19 enrollment is projected to increase by 70 students. The District attendance rate is projected to remain stable at 95.8% for the next two years.
- In the past number of years, the housing crisis has had a significant impact on District demographics and enrollment growth; although we see an uptick in growth, it is unlikely that significant growth will be seen until the housing market begins to fully recover. Developers have been pulling housing permits for the past few years, and new homes continue to appear within District boundaries. Administration is optimistic that once we see steady growth in new housing, we will begin to see a consistent increase in student enrollment.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are organized to provide the reader first with a look at the financial status of the entire Western Placer Unified School District. The statements then proceed to provide an increasingly detailed look at specific financial activities. This annual report consists of three parts:

- Management's Discussion and Analysis – this section, which provides an overall review of the financial activity for the past fiscal year as well as a look at the future years.
- Basic Financial Statements – a look at Western Placer Unified School District's financial statement as a whole for the entire operating entity. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.
- Required Supplementary Information – detailed information for specific financial activities including required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Reporting on the District as a Whole

Statement of Net Position and Statement of Activities

These two statements provide information about the District as a whole using the accrual accounting methods similar to those used by private-sector companies. They help answer the question, "How did we do financially during 2017-18?"

The change in net position is reported in the Statement of Net Position. This change in net position is important because it tells the reader whether the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some of them financial and some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating.

All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The relationship between revenues and expenses indicates the District's operating results. It is important to remember, the District's goal is to provide services to its students, not to generate profits as is necessary in commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools in order to assess the overall health of the District.

In the District-wide financial statements, the District's activities are divided into two categories:

- Governmental Activities – All of the District's services are reported here, including regular and special education, general administration, transportation, food services, plant services, facilities acquisition and construction, interest, and long-term debt. State support from LCFF and categorical apportionments finance most of these activities.
- Business-type Activities – The District does not currently have any business type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required to be established by State law, bond covenants, or through grant or program restrictions.
- The District establishes other funds to control and manage money for specific purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

A District may have three kinds of funds:

- **Governmental Funds** – Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Building Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- **Proprietary Funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds use the full accrual basis of accounting, the same as the District-wide statements. The District does not have programs classified in this category.
- **Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets that are reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The District as a Whole

Statement of Net Position

The District's total assets decreased by \$6,538,680 to \$272,980,381 during the 2017-18 fiscal year. Cash and cash equivalent accounts decreased \$17,421,268 from FY 2016-17. Deferred outflows of resources for pensions increased by \$12,645,076 due to the continued implementation of GASB 68.

Total liabilities increased \$10,561,906 primarily due to an increase in the GASB 68 net pension liability. Accounts payable increased \$1,302,132 and unearned revenues decreased by \$260,239 due to grant funds earned and spent in 2017-18. Deferred inflows of resources for pensions increased by \$991,000 due to the continued implementation of GASB 68.

The District's net position for FY 2017-18 was (9,824,263), a decrease of \$5,446,510 from FY 2016-17. Of this balance, \$16,621,027 was restricted while (\$52,760,704) was unrestricted. Net investment in capital assets accounted for \$26,315,414 of the total net position.

This is the first year of implementation of a change in accounting principles for the implementation of Government Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The cumulative effect of this pronouncement is a decrease of \$420,854 in beginning net position. See Note 1 for additional information.

The Statement of Net Position is included in the table below and provides the detail information for 2016-17 and 2017-18, along with the variances between the years.

Table 1
Net Position
June 30, 2017 and 2018
Governmental Activities

	2016-17	2017-18	\$ Difference	% Difference
Assets:				
Cash and investments	\$ 93,944,670	\$ 76,523,402	\$ (17,421,268)	-18.54%
Receivables	2,889,047	3,557,256	668,209	23.13%
Prepaid expenses	327,222	2,981,015	2,653,793	100.00%
Stores inventory	16,385	14,111	(2,274)	-13.88%
Capital assets (net of accumulated depreciation)	182,341,737	189,904,597	7,562,860	4.15%
Total assets	279,519,061	272,980,381	(6,538,680)	-2.34%
Deferred Outflows of Resources:				
Deferred outflows of resources-pensions	12,847,668	21,464,695	8,617,027	67.07%
Deferred outflow from advance refunding of debt	3,118,040	7,146,089	4,028,049	100.00%
Total deferred outflows of resources - pensions	15,965,708	28,610,784	12,645,076	79.20%
Liabilities:				
Accounts payable	9,430,781	10,732,913	1,302,132	13.81%
Unearned revenue	819,031	558,792	(260,239)	-31.77%
Long-term liabilities				
Due within one year	5,777,372	6,202,835	425,463	7.36%
Due after one year	282,316,338	291,410,888	9,094,550	3.22%
Total liabilities	298,343,522	308,905,428	10,561,906	3.54%
Deferred Inflows of Resources:				
Deferred inflows of resources-pensions	1,519,000	2,510,000	991,000	65.24%
Net Position				
Invested in capital assets, net of related debt	26,754,311	26,315,414	(438,897)	-1.64%
Restricted	16,614,997	16,621,027	6,030	0.04%
Unrestricted	(47,747,061)	(52,760,704)	(5,013,643)	10.50%
Net Investment in Capital Assets	\$ (4,377,753)	\$ (9,824,263)	\$ (5,446,510)	100.00%

Statement of Activities

The District's total expenses were \$91,537,314; \$446,454 higher in 2017-18 than 2016-17. Program revenues were \$13,141,372; \$762,801 lower in 2017-18 than 2016-17. General revenues were \$73,370,286; \$2,795,170 higher than 2016-17.

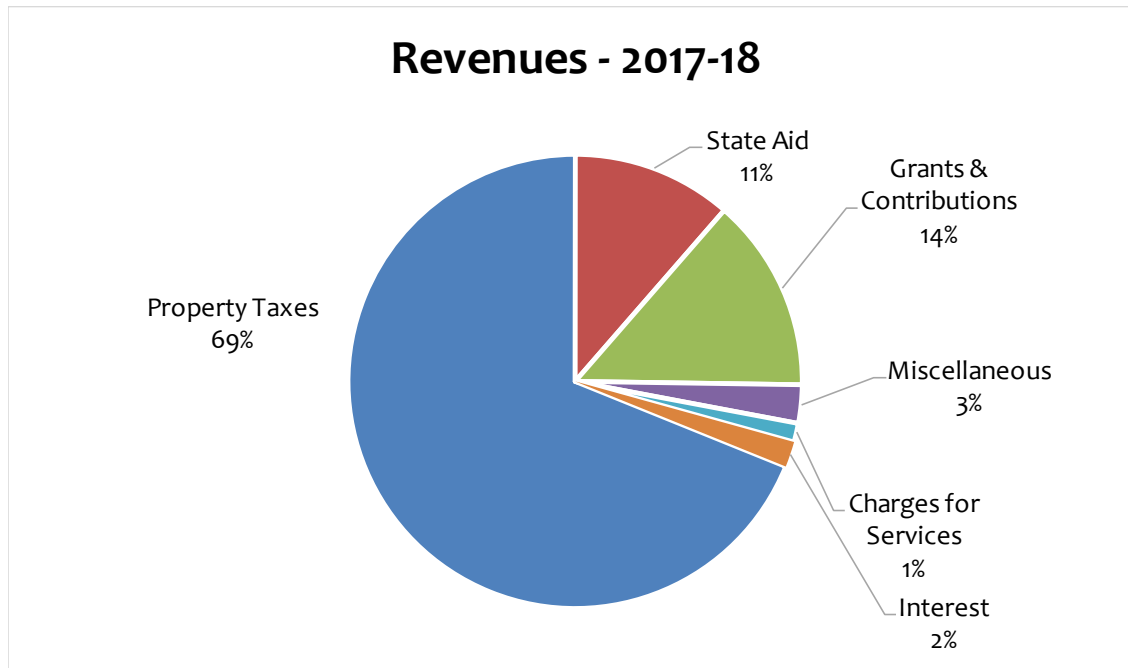
Table 2
Statement of Activities
June 30, 2017 and 2018

	Governmental Activities			
	2016-17	2017-18	\$ Difference	% Difference
General Revenues				
Taxes Levied for General Purposes	\$ 46,793,579	\$ 49,185,985	\$ 2,392,406	5.11%
Taxes Levied for Debt Service	3,743,932	4,524,949	781,017	20.86%
Taxes Levied for Specific Purposes	5,706,716	5,893,155	186,439	3.27%
Unrestricted Federal and State Aid	10,516,594	9,855,652	(660,942)	-6.28%
Interest and Investment Earnings	561,574	1,563,288	1,001,714	100.00%
Interagency Revenues	298,819	307,037	8,218	2.75%
Miscellaneous	2,953,902	2,040,220	(913,682)	-30.93%
Total General Revenues	70,575,116	73,370,286	2,795,170	3.96%
Program Revenues				
Charges for Services	727,666	1,160,255	432,589	59.45%
Operating Grants & Contributions	13,164,368	11,971,136	(1,193,232)	-9.06%
Capital Grants & Contributions	12,139	9,981	(2,158)	-17.78%
Total Program Revenues	13,904,173	13,141,372	(762,801)	-5.49%
Total Revenues	84,479,289	86,511,658	2,032,369	2.41%
Expenses				
Instruction	47,969,494	52,258,931	4,289,437	8.94%
Supervision of Instruction	2,704,297	2,657,543	(46,754)	-1.73%
Instructional Library, Media & Technology	717,434	760,924	43,490	6.06%
School Administration	4,788,657	4,961,797	173,140	3.62%
Pupil Support Services	3,068,713	3,258,126	189,413	6.17%
Home-to-School Transportation	1,761,544	1,653,406	(108,138)	-6.14%
Food Service	2,275,278	1,996,769	(278,509)	-12.24%
General Administration	5,695,703	4,579,024	(1,116,679)	-19.61%
Plant Services	6,640,186	7,097,243	457,057	6.88%
Ancillary Services	1,292,292	1,310,433	18,141	1.40%
Community Services	51,095	35,851	(15,244)	-29.83%
Transfer Between Agencies	3,460,311	8,297,084	4,836,773	100.00%
Interest on Debt and Fiscal Charges	10,665,856	2,670,183	(7,995,673)	-74.97%
Total Expenses	91,090,860	91,537,314	446,454	0.49%
Change in Net Position	(6,611,571)	(5,025,656)	1,585,915	-23.99%
Net Position - Beginning	2,233,818	(4,377,753)	(6,611,571)	-100.00%
Cumulative Effect of GASB 75 Implementation		(420,854)	(420,854)	100.00%
Net Position - Beginning, as restated	2,233,818	(4,798,607)	(7,032,425)	-100.00%
Net Position - Ending	\$ (4,377,753)	\$ (9,824,263)	\$ (5,446,510)	100.00%

The users of the District's programs paid \$1,160,255 of the cost. This revenue was generated through cafeteria sales of \$679,503 and other miscellaneous revenue of \$480,752. The federal and state governments subsidized certain programs with grants and contributions of \$11,971,136. Most of the governmental activities were paid with \$59,604,089 in property taxes, \$9,855,652 of unrestricted state aid based on the statewide Local Control Funding Formula, and \$1,563,288 of investment earnings. Miscellaneous revenues of \$2,357,238 is comprised of a number of items, including interest revenue, facilities use fees, developer fees, Mello-Roos receipts, interagency revenues and site co-curricular revenues.

Sources of Western Placer USD's Revenue for the 2017-18 Fiscal Year

Figure 1



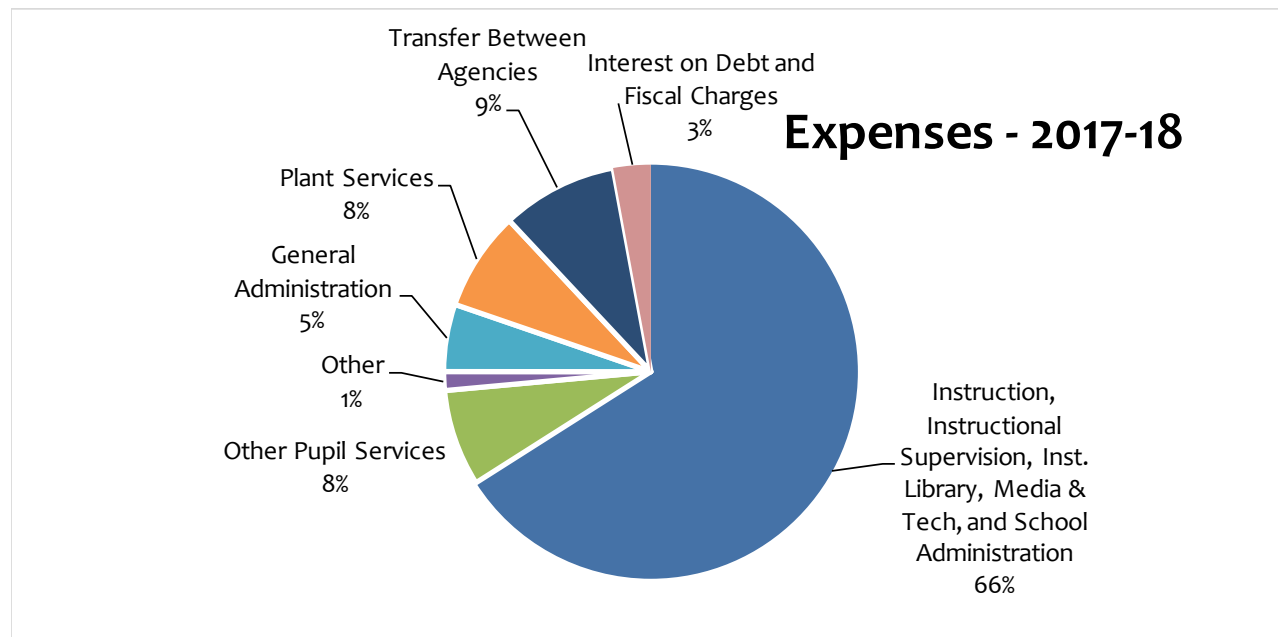
As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$91,537,314

Instruction, supervision of instructional, instructional library, media & technology, and school administration expenses made up approximately 66% of total 2017-18 expenditures. This is a 4% increase from the 62% expended in FY 2016-17. General administration accounted for approximately 5% of the expenditure budget, a 1% decrease from the prior year. Interest on debt, fiscal charges and transfers between agencies represented 12% of all outgo, a 4% decrease from 2016-17, and pupil services accounted for 8% of expenditures with no change from 2016-17. Plant maintenance and operations accounted for 8% of the expenditure budget, a 1% increase from 2016-17.

Figure 2 charts the District's expenditures for the 2017-18 school year.

Western Placer USD's Expenses for the Fiscal Year 2017-18

Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$76.8 million, a decrease of \$13.6 million from the previous fiscal year's combined ending balance of \$90.4 million. The funds with greatest change were the Building Fund decreasing by \$10.1 million due to completion of projects at Lincoln High School and the progress construction and site planning expenditures at Glen Edwards Middle School and Scott M. Leaman Elementary funded from Measure A and Measure N bonds, the Mello-Roos Fund decreasing by \$865,650 due to refunding of certain certificates of participation, the Bond Interest Redemption Fund decreasing by \$582,629 for principal and interest payments on long term debt obligations, the Capital Facilities Fund decreasing by \$286,793 due to increased student growth facility projects and the General Fund decreasing \$1.8 million for prior year grant funds expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. Significant budget adjustments fell into the following categories:

- Budget revisions acknowledging the inclusion of restricted ending balances, deferred revenue, and carryover from the prior year.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Budget revisions to reflect salary settlements.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of approximately \$6.6 million. Actual audited activity reflected a net decrease to the ending balance of \$1.8 million. The difference between the final budget and the actual ending balance is due primarily to unspent District and school site, federal and state program fund carryovers, including state one-time mandate reimbursement funds. This is not uncommon, particularly in categorical programs that carry balances over from year to year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2017-18 fiscal year, the District had invested \$189.9 million in a broad range of capital assets, including school sites, school buildings, site improvements, vehicles, equipment, and work in progress regarding the construction of new schools and building. This amount represents an increase of \$7.6 million from the previous fiscal year, which consists of construction work in progress, building construction, parcel land purchase and equipment additions totaling \$16.2 million, net of deletions and depreciation expense in the current fiscal year of \$8.6 million.

Table 3
Capital Assets
(net of depreciation)

	2016-17	2017-18	\$ Difference	% Difference
Land	\$ 43,082,246	43,082,246	\$ -	0.00%
Site Improvement	940,357	6,144,257	5,203,900	100.00%
Buildings	115,158,739	120,451,802	5,293,063	4.60%
Equipment & Vehicles	1,056,395	1,104,764	48,369	4.58%
Work in Progress (WIP)	22,104,000	19,121,528	(2,982,472)	-13.49%
Total	\$ 182,341,737	\$ 189,904,597	\$ 7,562,860	4.15%

During 2017-18 the District substantially completed the modernization construction projects at Lincoln High School to include the quad area with a new covered eating area, stadium field replacement and stadium grounds resurfacing. The Glen Edwards Middle School, Scott M. Leaman Elementary School and Twelve Bridges High School projects make up the majority of the June 30, 2018 WIP balance.

Long-Term Debt

At June 30, 2018, the District had \$297,613,723 in long-term debt outstanding.

Table 4
Outstanding Liabilities

	2016-17	2017-18
General Obligation Bonds	\$ 76,087,138	\$ 74,756,418
Accreted Interest on G.O. Bonds	2,920,927	1,470,347
Special Tax Bond	11,408,840	10,898,403
Unamortized Premiums	7,314,063	11,024,949
Other Post Employment Benefits	2,418,587	2,916,151
PARS	820,718	615,539
Compensated Absences	188,291	218,916
Cerfificates of Participation	128,145,000	126,605,000
Net Pension Liability	59,211,000	69,108,000
TOTAL	\$ 288,514,564	\$ 297,613,723

The General Obligation Bonds are financed by the local taxpayers and represent 25.1% of the District's long-term debt. Certificates of Participation (COPs) are defeased through Mello-Roos special taxes and developer fees. COPs represent an additional 42.5% of the District long-term debt. The District's Net Pension Liability represents 23.2% of the District's long-term liability. PARS represents the five-year payment of an early retirement incentive the District offered in 2015-16. Nineteen employees took the opportunity to retire early under this plan. PARS debt represents .2% of the District's long-term liabilities at June 30, 2018. Other post-employment benefits are approximately 1.0% of the long-term liability balance.

FACTORS BEARING ON THE DISTRICT'S FUTURE

For several years, the District saw rapid growth as new housing developments were completed and new homeowners moved into the District. The housing crisis and the economic downturn of prior years had a significant impact on this development. Enrollment in 2013-14 increased 114 students (or 1.7%) over 2012-13. Over the last four years since 2013-14, the district has increased enrollment by 248 students (or 3.7%). The District currently anticipates that enrollment will increase by approximately 1.0% annually over the next few years and will increase steadily as developers continue to pull permits and building houses in Lincoln.

The District's greatest challenge continues to be maintaining a viable relationship between its revenues and expenditures while at the same time expanding its infrastructure and services to address the educational and technology needs of its existing and future students. The District is committed to a balanced budget and maintaining a minimum reserve of 3% of expenditures for economic uncertainties.

The 2018-19 State Budget was approved by June 30, 2018. The State Budget continues to be balanced and the structural deficit has been eliminated, at least for the duration of Proposition 30. The Governor has used the Proposition 98 revenues to fully fund the Local Control Funding Formula (LCFF) program, two years earlier than scheduled, and also provided funding to support a one-time

allocation of prior year State-mandate cost program reimbursements. On the expenditure side, the State continues to project increases in STRS and PERS employer contribution rates over the next several years. The increases in employer contribution rates continue to outpace State funded cost of living adjustment (COLA) increases.

In 2018-19, the District adopted a General Fund budget with COLA for revenue of 2.71% (Approved State Budget). Due to the low COLA, full funding of the LCFF program, increased STRS and PERS costs and on-going support expenditures, the District adopted its General Fund budget with a modest structural deficit of \$226,012. Although the district projects this deficit, it still maintains the required 3% reserve for Economic Uncertainty plus an additional 1.6%, 1.4% and 2.0% over for 2018-19, 2019-20 and 2020-21.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Western Placer Unified School District, 600 Sixth Street, Suite 400, Lincoln, CA 95648, (916) 645-6350.

BASIC FINANCIAL STATEMENTS

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	\$ 76,523,402
Receivables	3,557,256
Prepaid expenses	2,981,015
Stores inventory	14,111
Non-depreciable capital assets (Note 4)	62,203,774
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>127,700,823</u>
Total assets	<u>272,980,381</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	21,328,994
Deferred outflows of resources - OPEB (Note 9)	135,701
Deferred outflow from advance refunding of debt	<u>7,146,089</u>
Total deferred outflows of resources	<u>28,610,784</u>
LIABILITIES	
Accounts payable	10,732,913
Unearned revenue	558,792
Long-term liabilities (Note 5):	
Due within one year	6,202,835
Due after one year	<u>291,410,888</u>
Total liabilities	<u>308,905,428</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>2,510,000</u>
NET POSITION	
Net investment in capital assets	26,315,414
Restricted:	
Legally restricted programs	1,305,820
Capital projects	9,493,750
Debt service	5,821,457
Unrestricted	<u>(52,760,704)</u>
Total net position	<u><u>\$ (9,824,263)</u></u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 52,258,931	\$ 346,867	\$ 7,704,150	\$ 9,981	\$ (44,197,933)
Instruction-related services:					
Supervision of instruction	2,657,543	-	752,544	-	(1,904,999)
Instructional library, media and technology	760,924	-	1,817	-	(759,107)
School site administration	4,961,797	-	148,733	-	(4,813,064)
Pupil services:					
Home-to-school transportation	1,653,406	-	4,527	-	(1,648,879)
Food services	1,996,769	679,503	1,172,580	-	(144,686)
All other pupil services	3,258,126	678	999,384	-	(2,258,064)
General administration:					
Data processing	1,336,548	197	87	-	(1,336,264)
All other general administration	3,242,476	6,785	311,855	-	(2,923,836)
Plant services	7,097,243	2,380	15,754	-	(7,079,109)
Ancillary services	1,310,433	-	388,543	-	(921,890)
Community services	35,851	-	11,589	-	(24,262)
Other outgo	8,297,084	-	-	-	(8,297,084)
Interest on long-term liabilities	2,670,183	123,845	459,573	-	(2,086,765)
Total governmental activities	<u>\$ 91,537,314</u>	<u>\$ 1,160,255</u>	<u>\$ 11,971,136</u>	<u>\$ 9,981</u>	<u>(78,395,942)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					49,185,985
Taxes levied for debt service					4,524,949
Taxes levied for other specific purposes					5,893,155
Federal and state aid not restricted to specific purposes					9,855,652
Interest and investment earnings					1,563,288
Interagency revenues					307,037
Miscellaneous					<u>2,040,220</u>
Total general revenues					<u>73,370,286</u>
Change in net position					(5,025,656)
Net position, July 1, 2017					(4,377,753)
Cumulative effect of GASB 75 Implementation					<u>(420,854)</u>
Net position, July 1, 2017, as restated					<u>(4,798,607)</u>
Net position, June 30, 2018					<u>\$ (9,824,263)</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Building Fund	All Non-Major Funds	Total Govern- mental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	\$ 10,165,744	\$ 52,549,498	\$ 13,787,133	\$ 76,502,375
Cash in revolving fund	5,000	-	-	5,000
Cash with Fiscal Agent	-	-	16,027	16,027
Receivables	3,239,568	107,560	210,128	3,557,256
Prepaid expenditures	81,015	2,900,000	-	2,981,015
Stores inventory	-	-	14,111	14,111
Due from other funds	<u>162,099</u>	<u>-</u>	<u>359</u>	<u>162,458</u>
Total assets	<u>\$ 13,653,426</u>	<u>\$ 55,557,058</u>	<u>\$ 14,027,758</u>	<u>\$ 83,238,242</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,231,273	\$ 1,402,887	\$ 100,392	\$ 5,734,552
Unearned revenue	558,792	-	-	558,792
Due to other funds	<u>359</u>	<u>-</u>	<u>162,099</u>	<u>162,458</u>
Total liabilities	<u>4,790,424</u>	<u>1,402,887</u>	<u>262,491</u>	<u>6,455,802</u>
Fund balances:				
Nonspendable	86,015	-	14,111	100,126
Restricted	1,251,087	54,154,171	13,751,156	69,156,414
Unassigned	<u>7,525,900</u>	<u>-</u>	<u>-</u>	<u>7,525,900</u>
Total fund balances	<u>8,863,002</u>	<u>54,154,171</u>	<u>13,765,267</u>	<u>76,782,440</u>
Total liabilities and fund balances	<u>\$ 13,653,426</u>	<u>\$ 55,557,058</u>	<u>\$ 14,027,758</u>	<u>\$ 83,238,242</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - Governmental Funds \$ 76,782,440

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

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$241,947,281 and the accumulated depreciation is \$52,042,684 (Note 4). 189,904,597

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements, it is recognized in the period that it is incurred. (4,998,361)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2018 consisted of (Note 5):

Special Tax Bonds	\$ (10,898,403)	
General Obligation Bonds	(74,756,418)	
Accreted interest	(1,470,347)	
Unamortized premiums	(11,024,949)	
Certificates of Participation	(126,605,000)	
Public Agency Retirement System (PARS)	(615,539)	
Net OPEB liability (Note 9)	(2,916,151)	
Net pension liability (Notes 7 and 8)	(69,108,000)	
Compensated absences	<u>(218,916)</u>	
		(297,613,723)

In governmental funds, deferred inflows and deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refundings resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as deferred inflows or deferred outflows of resources: 7,146,089

In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 7, 8 and 9).

Deferred outflows of resources relating to pensions	\$ 21,328,994	
Deferred outflows of resources relating to OPEB	135,701	
Deferred inflows of resources relating to pensions	<u>(2,510,000)</u>	
		<u>18,954,695</u>
Total net position - governmental activities		<u>\$ (9,824,263)</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Building Fund	All Non-Major Funds	Total Govern- mental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 19,297,040	\$ -	\$ -	\$ 19,297,040
Local sources	<u>37,421,637</u>	<u>-</u>	<u>-</u>	<u>37,421,637</u>
Total LCFF	<u>56,718,677</u>	<u>-</u>	<u>-</u>	<u>56,718,677</u>
Federal sources	2,280,393	-	1,112,227	3,392,620
Other state sources	6,434,906	-	1,426,228	7,861,134
Other local sources	<u>4,877,484</u>	<u>965,606</u>	<u>12,145,629</u>	<u>17,988,719</u>
Total revenues	<u>70,311,460</u>	<u>965,606</u>	<u>14,684,084</u>	<u>85,961,150</u>
Expenditures:				
Current:				
Certificated salaries	31,922,384	-	-	31,922,384
Classified salaries	9,250,856	118,679	1,009,938	10,379,473
Employee benefits	17,039,125	52,365	449,892	17,541,382
Books and supplies	3,377,096	149,614	665,938	4,192,648
Contract services and operating expenditures	7,839,990	237,190	2,071,879	10,149,059
Other outgo	1,845,674	-	-	1,845,674
Capital outlay	654,775	10,503,162	264,760	11,422,697
Debt service:				
Principal retirement	205,179	-	4,691,157	4,896,336
Interest	<u>-</u>	<u>-</u>	<u>8,053,293</u>	<u>8,053,293</u>
Total expenditures	<u>72,135,079</u>	<u>11,061,010</u>	<u>17,206,857</u>	<u>100,402,946</u>
Deficiency of revenues under expenditures	<u>(1,823,619)</u>	<u>(10,095,404)</u>	<u>(2,522,773)</u>	<u>(14,441,796)</u>
Other financing sources (uses):				
Transfers in	4,124	-	623,719	627,843
Transfers out	(23,719)	-	(604,124)	(627,843)
Premium on the issuance of long-term liabilities	-	-	3,734,351	3,734,351
Proceeds from the issuance of debt	-	-	51,795,000	51,795,000
Deposit to refunding escrow	<u>-</u>	<u>-</u>	<u>(54,710,573)</u>	<u>(54,710,573)</u>
Total other financing sources (uses)	<u>(19,595)</u>	<u>-</u>	<u>838,373</u>	<u>818,778</u>
Change in fund balances	(1,843,214)	(10,095,404)	(1,684,400)	(13,623,018)
Fund balances, July 1, 2017	<u>10,706,216</u>	<u>64,249,575</u>	<u>15,449,667</u>	<u>90,405,458</u>
Fund balances, June 30, 2018	<u>\$ 8,863,002</u>	<u>\$ 54,154,171</u>	<u>\$ 13,765,267</u>	<u>\$ 76,782,440</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - Total Governmental Funds	\$ (13,623,018)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 11,355,265
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(3,781,922)
In governmental funds the entire proceeds from the disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is (Note 4).	(10,483)
Proceeds from debt are recognized as other financing sources in the governmental funds, but increased the long-term liabilities in the statement of net position (Note 5).	(51,795,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	4,691,157
Deposits in escrow for the principal payment on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	50,485,000
In governmental funds, public agency retirement system incentives are recognized when employers contributions are made. In the governmental-wide statements, public agency retirement system incentives are measured on the accrual basis. (Note 5).	205,179
Accreted interest is not accrued in the governmental funds, but is recognized over the life of the debt in the government-wide financial statements (Note 5).	1,450,580

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	(1,520,415)	
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 5).	(3,710,886)	
In government-wide statements, any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Deferred gain or loss from debt refunding for the period is:	4,028,049	
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 5, 7, and 8):	(2,406,674)	
In the statement of activities, expenses related to the net OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 5 and 9).	<u>(392,488)</u>	<u>8,597,362</u>
Change in net position of governmental activities		<u>\$ (5,025,656)</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2018

	<u>Trust Funds</u>		<u>Agency Funds</u>
	<u>Scholarship</u>	<u>Retiree Benefits</u>	
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	\$ 162,545	\$ 6,997	\$ 56,204
Cash on hand and in banks	-	-	424,612
Receivables	<u>247</u>	<u>10</u>	<u>-</u>
Total assets	<u>162,792</u>	<u>7,007</u>	<u>\$ 480,816</u>
LIABILITIES			
Accounts payable	-	-	\$ 56,204
Due to student groups	<u>-</u>	<u>-</u>	<u>424,612</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 480,816</u>
NET POSITION			
Restricted for scholarships and retiree benefits	<u>\$ 162,792</u>	<u>\$ 7,007</u>	

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUNDS
For the Year Ended June 30, 2018

	<u>Trust Funds</u>	
	<u>Scholarship</u>	<u>Retiree Benefits</u>
Additions:		
Other local sources	<u>\$ 2,619</u>	<u>\$ 111</u>
Deductions:		
Contract services and operating expenditures	<u> 1,600</u>	<u> -</u>
Change in net position	1,019	111
Net position, July 1, 2017	<u> 161,773</u>	<u> 6,896</u>
Net position, June 30, 2018	<u><u> \$ 162,792</u></u>	<u><u> \$ 7,007</u></u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Western Placer Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Mello-Roos Community Facilities District: The District and the Mello-Roos Community Facilities District (the "CFD") have a financial and operational relationship that meets the reporting entity definition criteria of GASB Codification Section 2100, *The Financial Reporting Entity*, for inclusion of the CFD as a blended component unit of the District. Accordingly, the financial activities of the CFD have been included in the financial statements of the District within the Mello-Roos Fund, a debt service fund. Special tax bonds issued by the CFD are included in long-term liabilities on the government-wide financial statements.

Western Placer Unified School District Financing Corporation: The District and the Western Placer Unified School District Financing Corporation (the Corporation) have a financial and operational relationship that meets the reporting entity definition criteria of GASB Codification Section 2100, *The Financial Reporting Entity*, for inclusion of the Corporation as a blended component unit of the District. Accordingly, the financial activities of the Corporation have been included in the general-purpose financial statements of the District within the Building Fund, a capital projects fund. The certificates of participation issued by the Corporation are included in long-term liabilities on the government-wide financial statements.

The following are those aspects of the relationship between the District and the Corporation and the District and the CFD & Corporation which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, as amended by criteria:

A - Accountability:

1. The CFD & Corporation's Board of Directors were appointed by the District's Board of Trustees.
2. The CFD & Corporation have no employees. The District's Assistant Superintendent, Business and Operations functions as the agent of the CFD & Corporation and does not receive additional compensation for work performed in this capacity.
3. The District's Board exercises significant influence over operations of the CFD & Corporation as the District is the sole lessee of all facilities owned by the CFD & Corporation.
4. All major financing arrangements, contracts, and other transactions of the CFD & Corporation must have the consent of the District.
5. Any deficits incurred by the CFD & Corporation will be reflected in the lease payments of the District. Any surpluses of the CFD & Corporation revert to the District at the end of the lease period.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. The District's lease payments are the sole revenue source of the CFD & Corporation.
7. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the CFD & Corporation.

B - Scope of Public Service:

The CFD & Corporation were formed for the sole purpose of financially assisting the District. The CFD & Corporation were formed to provide financing assistance to the District for construction, rehabilitation and acquisition of major capital facilities to support the student population.

C - Financial Presentation:

For financial presentation purposes, the CFD & Corporation's financial activity have been blended with the financial data of the District. The basic financial statements present the CFD & Corporation's financial activity within the Mello-Roos and Building Funds, respectively.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. The activities of the Special Reserve for Other Than Capital Outlay Fund have been included in the General Fund for financial reporting purposes.

Building Fund:

The Building Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

B - Other Funds

Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development and Cafeteria Funds.

Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Capital Facilities, County School Facilities Special Reserve and Mello-Roos Funds.

Bond Interest and Redemption Fund:

The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Trust Funds:

The Trust Funds are used to account for assets held by the District as Trustee. The District maintains two expendable trust funds, the Scholarship Trust, which is to be used to provide financial assistance to students of the District, and the Retiree Benefits Fund, which is used by the District to reserve for funds to pay for retiree benefits.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Funds:

The Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2018.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Also, the District has recognized a deferred outflow of resources relate to recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability reported which is in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 15,774,253</u>	<u>\$ 5,554,741</u>	<u>\$ 21,328,994</u>
Deferred inflows of resources	<u>\$ 2,315,000</u>	<u>\$ 195,000</u>	<u>\$ 2,510,000</u>
Net pension liability	<u>\$ 52,519,000</u>	<u>\$ 16,589,000</u>	<u>\$ 69,108,000</u>
Pension expense	<u>\$ 7,728,779</u>	<u>\$ 3,259,817</u>	<u>\$ 10,988,596</u>

Compensated Absences: Compensated absences totaling \$218,916 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position:

2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for scholarships represents the portion of net position to be used to provide financial assistance to students of the District. The restriction for retiree benefits represents the portion of net position available for the former employees of the district. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2018, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2018, no such designation has occurred.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications:

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2018, the District has established a minimum General Fund fund balance policy of 5% of General Fund total outgo. As of June 30, 2018, the District has an unassigned balance of \$7,525,900 or 10.4%.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves 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. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated decreasing net position by \$420,854 because of the recognition of the net OPEB liability.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2018 are reported at fair value and consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled Fund:		
Cash in County Treasury	\$ 76,502,375	\$ 225,746
Deposits:		
Cash on hand and in banks	-	424,612
Cash in revolving fund	5,000	-
Cash awaiting deposit	-	-
Investments:		
Cash with Fiscal Agent	<u>16,027</u>	<u>-</u>
Total cash and investments	<u>\$ 76,523,402</u>	<u>\$ 650,358</u>

Pooled Funds: In accordance with Education Code Section 41001, the Office of Education maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. The Office of Education is considered to be an involuntary participant in an external investment pool. The fair value of the Office of Education's investment in the pool is reported in the financial statements at amounts based upon the Office of Education's prorata 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts was \$429,612 and the bank balance was \$424,049, of which \$81,095 was uninsured by the FDIC .

Investments: The Cash with Fiscal Agent of \$16,027 in the Mello-Roos Fund represents debt proceeds that have been set aside for capital projects and the repayment of long-term liabilities. These amounts are held by a third party custodian in the District's name.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2018 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund: General	\$ 162,099	\$ 359
Non-Major Funds:		
Adult Education	359	2,053
Cafeteria	<u>-</u>	<u>160,046</u>
Totals	<u>\$ 162,458</u>	<u>\$ 162,458</u>

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2017-2018 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for TPP.	\$ 23,719
Transfer from the Adult Education Fund to the General Fund for indirect costs.	4,124
Transfer from the Capital Facilities Fund to the Mello Roos Fund for developer fees.	<u>600,000</u>
	<u>\$ 627,843</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018 is shown below:

	Balance July 1, <u>2017</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2018</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 43,082,246	\$ -	\$ -	\$ 43,082,246
Work-in-process	22,104,000	10,583,950	(13,566,422)	19,121,528
Depreciable:				
Buildings	157,650,505	-	8,681,087	166,331,592
Equipment	5,087,407	349,156	(310,640)	5,125,923
Site improvements	<u>2,978,498</u>	<u>5,307,494</u>	<u>-</u>	<u>8,285,992</u>
Totals, at cost	<u>230,902,656</u>	<u>16,240,600</u>	<u>(5,195,975)</u>	<u>241,947,281</u>
Less accumulated depreciation:				
Buildings	(42,491,766)	(3,388,024)	-	(45,879,790)
Equipment	(4,031,012)	(290,304)	(300,157)	(4,021,159)
Site improvements	<u>(2,038,141)</u>	<u>(103,594)</u>	<u>-</u>	<u>(2,141,735)</u>
Total accumulated depreciation	<u>(48,560,919)</u>	<u>(3,781,922)</u>	<u>(300,157)</u>	<u>(52,042,684)</u>
Capital assets, net	<u>\$ 182,341,737</u>	<u>\$ 12,458,678</u>	<u>\$ (4,895,818)</u>	<u>\$ 189,904,597</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 3,344,729
Instructional supervision and administration	4,466
Instructional library, media and technology	1,712
School site administration	60,596
Home-to-School transportation	222,184
Food services	13,735
General administrative	11,114
Centralized data processing	35,348
Plant services	<u>88,038</u>
Total depreciation expense	<u>\$ 3,781,922</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES

Special Tax Bonds: On March 10, 2015, the District issued Community Facilities District No. 1 Special Tax Bonds in the amount of \$12,376,387, to provide funds for refunding all of the Series 2005 Bonds. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

The bonds bear interest rates ranging from 2.44% to 3.5% and are scheduled to mature in September 2034.

Scheduled payments on Series 2015 Special Tax Bonds are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 524,892	\$ 360,444	\$ 885,336
2020	538,899	347,466	886,365
2021	552,449	332,884	885,333
2022	568,064	314,935	882,999
2023	586,747	294,725	881,472
2024-2028	3,249,687	1,145,947	4,395,634
2029-2033	3,857,744	525,184	4,382,928
2034-2035	<u>1,019,921</u>	<u>30,243</u>	<u>1,050,164</u>
	<u>\$ 10,898,403</u>	<u>\$ 3,351,828</u>	<u>\$ 14,250,231</u>

General Obligation Bonds: In 1999, the District issued General Obligation Capital Appreciation Bonds in the amount of \$15,052,284, to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied. The bonds bear interest rates ranging from 4.6% to 6.05% and are scheduled to mature in June 2019.

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 711,418</u>	<u>\$ 1,533,582</u>	<u>\$ 2,245,000</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In 2015, the District issued General Obligation Capital Appreciation Bonds in the amount of \$20,000,000, to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied. The bonds bear interest rates ranging from 3% to 5% and are scheduled to mature in June 2041.

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 500,000	\$ 775,456	\$ 1,275,456
2020	520,000	755,056	1,275,056
2021	545,000	731,031	1,276,031
2022	575,000	703,031	1,278,031
2023	605,000	673,531	1,278,531
2024-2028	3,450,000	2,936,456	6,386,456
2029-2033	4,115,000	2,268,341	6,383,341
2034-2038	5,125,000	1,256,000	6,381,000
2039-2041	<u>3,610,000</u>	<u>220,400</u>	<u>3,830,400</u>
	<u>\$ 19,045,000</u>	<u>\$ 10,319,302</u>	<u>\$ 29,364,302</u>

In May 2017, the District issued 2016 General Obligation Bonds, Series 2017 A, in the amount of \$30,000,000. Bond proceeds were used to acquisition and construction of education facilities and projects. The Current Interest Bonds carry interest rates ranging from 3.0% to 5.0% and are scheduled to mature in August of 2047.

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 400,000	\$ 1,298,147	\$ 1,698,147
2020	575,000	1,202,013	1,777,013
2021	590,000	1,184,538	1,774,538
2022	610,000	1,166,538	1,776,538
2023	630,000	1,147,938	1,777,938
2024-2028	3,470,000	5,377,038	8,847,038
2029-2033	4,285,000	4,561,338	8,846,338
2034-2038	5,150,000	3,677,544	8,827,544
2039-2043	6,350,000	2,412,500	8,762,500
2044-2048	<u>7,940,000</u>	<u>849,500</u>	<u>8,789,500</u>
	<u>\$ 30,000,000</u>	<u>\$ 22,877,094</u>	<u>\$ 52,877,094</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In May 2017, the District issued 2014 General Obligation Bonds, Series 2017 B, in the amount of \$25,000,000. Bond proceeds were used to acquisition and construction of education facilities and projects. The Current Interest Bonds carry interest rates ranging from 3.0% to 5.0% and are scheduled to mature in August of 2047.

Year Ended June 30,	Principal	Interest	Total
2019	\$ 325,000	\$ 1,040,312	\$ 1,365,312
2020	465,000	963,138	1,428,138
2021	475,000	949,038	1,424,038
2022	490,000	929,663	1,419,663
2023	515,000	904,538	1,419,538
2024-2028	2,955,000	4,141,588	7,096,588
2029-2033	3,660,000	3,439,338	7,099,338
2034-2038	4,415,000	2,670,394	7,085,394
2039-2043	5,315,000	1,755,188	7,070,188
2044-2048	<u>6,385,000</u>	<u>658,500</u>	<u>7,043,500</u>
	<u>\$ 25,000,000</u>	<u>\$ 17,451,697</u>	<u>\$ 42,451,697</u>

Certificates of Participation (COP): . In November 2011, the District issued \$8,620,000 Refinancing Project COP, with interest rates between 2.0% and 5.2% and maturing in 2042, for the advance refunding of the District's 2006 Series A COP. The 2011, Refinancing Project COP matured as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 180,000	\$ 376,776	\$ 556,776
2020	-	373,737	373,737
2021	-	373,737	373,737
2022	-	373,737	373,737
2023	-	373,737	373,737
2024-2028	1,130,000	1,809,611	2,939,611
2029-2033	2,375,000	1,257,592	3,632,592
2034-2038	1,960,000	777,642	2,737,642
2039-2042	<u>1,980,000</u>	<u>212,941</u>	<u>2,192,941</u>
	<u>\$ 7,625,000</u>	<u>\$ 5,929,510</u>	<u>\$ 13,554,510</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In September 2016, the District issued \$69,520,000 Refinancing Project COP, with interest rates ranging from 3.75% to 5.0%, maturing in 2048. Bond proceeds from the issuance were used to refund both the 2008 COP, and 2008B COP. The 2016, Refinancing Project COP is scheduled to mature as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 920,000	\$ 2,367,019	\$ 3,287,019
2020	1,105,000	2,346,769	3,451,769
2021	1,015,000	2,320,494	3,335,494
2022	1,265,000	2,286,294	3,551,294
2023	1,570,000	2,243,769	3,813,769
2024-2028	4,660,000	10,534,044	15,194,044
2029-2033	4,770,000	9,767,994	14,537,994
2034-2038	11,135,000	8,565,519	19,700,519
2039-2043	22,700,000	5,091,809	27,791,809
2044-2048	<u>19,040,000</u>	<u>1,267,656</u>	<u>20,307,656</u>
	<u>\$ 68,180,000</u>	<u>\$ 46,791,367</u>	<u>\$ 114,971,367</u>

In September 2017, the District issued \$51,795,000 Refinancing Project COP, with interest rates ranging from 2.0% to 5.0%, maturing in 2050. Bond proceeds from the issuance were used to refund the 2009 refinancing COP. As of June 30, 2018 \$50,485,000 remain outstanding and will be redeemed on August 1, 2019. The 2017, Refinancing Project COP is scheduled to mature as follows

Year Ended June 30,	Principal	Interest	Total
2019	\$ 490,000	\$ 2,015,038	\$ 2,505,038
2020	580,000	2,005,238	2,585,238
2021	465,000	1,993,638	2,458,638
2022	270,000	1,979,688	2,249,688
2023	165,000	1,971,588	2,136,588
2024-2028	7,865,000	9,017,688	16,882,688
2029-2033	9,315,000	7,041,788	16,356,788
2034-2038	4,680,000	5,353,638	10,033,638
2039-2043	1,200,000	5,056,715	6,256,715
2044-2048	18,425,000	4,053,700	22,478,700
2049-2050	<u>7,345,000</u>	<u>293,800</u>	<u>7,638,800</u>
	<u>\$ 50,800,000</u>	<u>\$ 40,782,519</u>	<u>\$ 91,582,519</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Although the advance refundings resulted in the recognition of an accounting loss of \$4,225,573 for the year ended June 30, 2018, the District in effect decreased its aggregate debt service payments by \$19,318,227 over the next 30 years and obtained an economic gain of \$12,110,847.

Calculation of Difference in Cash Flow Requirements and Economic Gain

Old debt service cash flows	\$ 113,574,569
New debt service cash flows	<u>94,256,342</u>
Total cash flow difference	<u>\$ 19,318,227</u>
Present value of old debt service cash flows	\$ 69,303,233
Present value of new debt service cash flows	<u>57,192,386</u>
Economic gain	<u>\$ 12,110,847</u>

PARS Supplementary Retirement Plan: The District implemented a Public Agency Retirement System (PARS) Supplementary Retirement Plan, which was available to employees that satisfied all the requirements outlined in the execution agreement with an effective date of April 15, 2016. There are 19 participants in the Plan. The District will make non-elective employer contributions to the participants' 403(b) annuity contract held with Pacific Life Insurance Company. The following is a schedule of the future payments for the PARS Supplementary Retirement Plan:

Year Ending <u>June 30,</u>	Annual <u>Payments</u>
2019	\$ 205,179
2020	205,180
2021	<u>205,180</u>
	<u>\$ 615,539</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017 <u>as Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2018	Amounts Due Within <u>One Year</u>
Governmental activities:					
Special Tax Bonds	\$ 11,408,840	\$ -	\$ 510,437	\$ 10,898,403	\$ 524,892
General Obligation Bonds	76,087,138	-	1,330,720	74,756,418	1,936,418
Accreted interest	2,920,927	213,700	1,664,280	1,470,347	1,533,582
Unamortized Premiums	7,314,063	3,734,351	23,465	11,024,949	193,848
Certificates of Participation	128,145,000	51,795,000	53,335,000	126,605,000	1,590,000
PARS	820,718	-	205,179	615,539	205,179
Net OPEB liability (Note 9)	2,418,587	1,042,210	544,646	2,916,151	-
Net pension liability (Notes 7 and 8)	59,211,000	9,897,000	-	69,108,000	-
Compensated absences	<u>188,291</u>	<u>30,625</u>	<u>-</u>	<u>218,916</u>	<u>218,916</u>
Total	<u>\$ 288,514,564</u>	<u>\$ 66,712,886</u>	<u>\$ 57,613,727</u>	<u>\$ 297,613,723</u>	<u>\$ 6,202,835</u>

Payments on the Special Tax Bonds are made from the Mello-Roos Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Mello-Roos Fund. Payments for the PARS are made from the General Fund. Payments for the net OPEB liability, net pension liability and the compensated absences are made from the fund for which the related employee worked.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	\$ 5,000	\$ -	\$ -	\$ 5,000
Prepaid expenditures	81,015	-	-	81,015
Stores inventory	-	-	14,111	14,111
	<u>-</u>	<u>-</u>	<u>14,111</u>	<u>14,111</u>
Subtotal non-spendable	<u>86,015</u>	<u>-</u>	<u>14,111</u>	<u>100,126</u>
Restricted:				
Legally restricted programs	1,251,087	-	40,622	1,291,709
Capital projects	-	54,154,171	7,889,077	62,043,248
Debt service	-	-	5,821,457	5,821,457
	<u>-</u>	<u>-</u>	<u>5,821,457</u>	<u>5,821,457</u>
Subtotal restricted	<u>1,251,087</u>	<u>54,154,171</u>	<u>13,751,156</u>	<u>69,156,414</u>
Unassigned:				
Reserve for economic uncertainty	2,168,961	-	-	2,168,961
Undesignated	5,356,939	-	-	5,356,939
	<u>5,356,939</u>	<u>-</u>	<u>-</u>	<u>5,356,939</u>
Subtotal unassigned	<u>7,525,900</u>	<u>-</u>	<u>-</u>	<u>7,525,900</u>
Total fund balances	<u>\$ 8,863,002</u>	<u>\$ 54,154,171</u>	<u>\$ 13,765,267</u>	<u>\$ 76,782,440</u>

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

Employers – 14.43 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

*The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed \$4,465,253 to the plan for the fiscal year ended June 30, 2018.

State - 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding (1)</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) In May 2018 the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.

(3) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2018, 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:

District's proportionate share of the net pension liability	\$ 52,519,000
State's proportionate share of the net pension liability associated with the District	<u>31,070,000</u>
Total	<u><u>\$ 83,589,000</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2017, the District's proportion was 0.057 percent, which remained the same from its proportion measured as of June 30, 2016.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$7,728,779 and revenue of \$2,684,928 for support provided by the State. At June 30, 2018, 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>
Difference between expected and actual experience	\$ 194,000	\$ 916,000
Changes of assumptions	9,730,000	-
Net differences between projected and actual earnings on investments	-	1,399,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,385,000	-
Contributions made subsequent to measurement date	<u>4,465,253</u>	<u>-</u>
Total	<u>\$ 15,774,253</u>	<u>\$ 2,315,000</u>

\$4,465,253 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2019	\$ 596,433
2020	\$ 2,639,433
2021	\$ 1,886,434
2022	\$ 517,100
2023	\$ 1,655,100
2024	\$ 1,699,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

<u>Assumption</u>	<u>Measurement Period</u>	
	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those 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 the total pension liability.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$ 77,115,000</u>	<u>\$ 52,519,000</u>	<u>\$ 32,558,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf>

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018, were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

Employers - The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed \$1,431,741 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$16,589,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District’s proportion was 0.069 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$3,259,817. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 594,000	\$ -
Changes of assumptions	2,423,000	195,000
Net differences between projected and actual earnings on investments	574,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	532,000	-
Contributions made subsequent to measurement date	<u>1,431,741</u>	<u>-</u>
Total	<u>\$ 5,554,741</u>	<u>\$ 195,000</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

\$1,431,741 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2019	\$ 1,206,167
2020	\$ 1,827,167
2021	\$ 1,209,166
2022	\$ (314,500)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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

<u>Asset Class</u>	<u>Long -Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years of 1 - 10 (1)</u>	<u>Expected Real Rate of Return Years of 11+ (2)</u>
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation of Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average

(1) An expected inflation rate of 2.50% used for this period

(2) An expected inflation rate of 3.00% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

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.

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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	\$ <u>24,408,000</u>	\$ <u>16,589,000</u>	\$ <u>10,103,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District established an Other Postemployment Benefits Plan which is a single-employer defined benefit healthcare plan. The District participates in the California Employer’s Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov. CERBT serves as an irrevocable trust, to ensure that funds contributed into the Trust are dedicated to service the needs of member districts, and their employees and retirees.

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District’s OPEB plan.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018:

	<u>Number of Participants</u>
Inactive employees receiving benefits	17
Inactive employees entitled to but not receiving benefits	-
Participating active employees	<u>576</u>
	<u>593</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided: The District pays the full cost of health care benefits to age 65 for employees who retired prior to June 30, 1990 and had reached age 60. The full cost of benefits is limited to the amount the District was paying as of June 30, 1990. After age 65, the District continues to pay 50% of the current certificate cap and the retiree pays the remainder. As of June 30, 2018, there were 4 retirees receiving benefits under this agreement.

The District's certificated retirees who had at least fifteen years of service and had reached a minimum age of 55 and retire after July 1, 2001 receive up to \$6,455 per year in health care benefits for a maximum of 10 years or until age 65, whichever comes first. As of June 30, 2018, there were 6 retired employees receiving benefits under this agreement.

The District pays up to \$2,775 per year in healthcare benefits for classified employees who had at least fifteen years of service and had reached age 55 and retired after July 1, 2003. These benefits cease after a maximum of five years or at age 65, whichever comes first. As of June 30, 2018, there were 5 retired employees receiving benefits under this agreement.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were \$135,701 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: The plan discount rate of 7% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Rate of Return*</u>
US Large Cap	43%	7.795%
US Small Cap	23%	7.795%
Long-Term Corporate Bonds	12%	5.295%
Long-Term Government Bonds	6%	4.500%
Treasury Inflation Protected Securities (TIPS)	5%	7.795%
US Real Estate	8%	7.795%
All Commodities	3%	7.795%

* Geometric average

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rolling periods of time for all asset classes were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Actuarial Assumptions: The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date</u>	June 30, 2017
<u>Fiscal Year End</u>	June 30
<u>Actuarial Value of Assets</u>	Market Value
<u>Mortality Rate</u>	PERS - Non-work related rated developed in 2014 California PERS experience study. STRS - Match rates developed in 2010 experience study.
<u>Discount Rate as of 6/30/2017</u>	7% Based on the long-term expected rate of return.
<u>Assumed Investment Return</u>	7%
<u>Retirement Rate</u>	Retirement rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010)
<u>Inflation Rate</u>	2.75% per year
<u>Dependent Coverage</u>	Female spouses are assumed to be three years younger than male spouses. 80% of retirees are assumed to be married. Current retirees are valued based on elected coverage.
<u>Health Claims</u>	Using the 2017 premium rates, the actuary developed an age-adjusted average per capita cost for each plan reflecting enrollments for the current active and per-65 retiree population.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

<u>Funding Method</u>	Entry Age Cost Method (Level Percentage of Pay).
<u>Health Trend Rate:</u>	4%
<u>Salary Increases:</u>	2.75%
<u>Termination Rate:</u>	Termination rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010).
<u>Funding Method</u>	Entry Age Cost Method (Level Percentage of Pay).

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 2017	\$ 6,143,764	\$ 3,725,177	\$ 2,418,587
Changes for the year:			
Service cost	595,188	-	595,188
Interest	445,026	-	445,026
Employer contributions	-	151,318	(151,318)
Employee contributions	-	-	-
Net investment income	-	393,328	(393,328)
Administrative expense	-	(1,996)	1,996
Benefit payments	(151,318)	(151,318)	-
Net change	888,896	391,332	497,564
Balance, June 30, 2018	\$ 7,032,660	\$ 4,116,509	\$ 2,916,151

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2018: 58.53%

There were no changes between the measurement date and the year ended June 30, 2018 which had a significant effect on the District's total OPEB liability.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net OPEB liability	\$ 3,476,417	\$ 2,916,151	\$ 2,401,400

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3%)	Healthcare Cost Trend Rates Rate (4%)	1% Increase (5%)
Net OPEB Liability	\$ 2,478,298	\$ 2,916,151	\$ 3,336,017

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$648,882. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits made subsequent to measurement date	135,701	-
Total	\$ 135,701	\$ -

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$135,701 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

NOTE 10 - JOINT POWERS AGREEMENT

Schools Insurance Group: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program for property and liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

The following is a summary of financial information for SIG at June 30, 2017 (most recent):

Total assets	\$ 96,388,316
Deferred outflows of resources	\$ 265,300
Total liabilities	\$ 33,613,907
Deferred inflows of resources	\$ 41,239
Total net position	\$ 62,998,470
Total revenues	\$ 91,193,928
Total expenses	\$ 85,707,759
Change in net position	\$ 5,486,169

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not component unit of the District for financial reporting purposes.

NOTE 11 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

Construction Commitments: As of June 30, 2018, the District has \$17,818,782 in outstanding commitments on construction contracts.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes: On July 2, 2018, the District issued Tax and Revenue Anticipation Notes (TRANS) totaling \$14,500,000, with an interest rate of 3.0%. The 2018 TRANS are payable only out of taxes, income, revenue, cash receipts and other monies which are received by the District for its General Fund and are attributable to the fiscal year 2018-2019 and legally available for payment thereof. The TRANS are secured by a pledge of certain unrestricted revenues received by the District issuing such TRANS for its General Fund attributable to the fiscal year 2018-2019, and the TRANS constitute a first lien and charge payable from the first monies received by the District from such pledged revenues. The TRANS are scheduled to mature on June 30, 2019.

General Obligation Bond: In November 2018, the District issued \$15,000,000 and \$30,000,000, related to the 2014 Series C and 2016 Series B General Obligation Bonds, with interest rates between 3.375% - 5.00% and 3.50 % - 5.00%, both maturing in August 2038.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 20,298,396	\$ 20,346,333	\$ 19,297,040	\$ (1,049,293)
Local sources	<u>36,244,485</u>	<u>36,315,032</u>	<u>37,421,637</u>	<u>1,106,605</u>
Total LCFF	<u>56,542,881</u>	<u>56,661,365</u>	<u>56,718,677</u>	<u>57,312</u>
Federal sources	2,124,080	2,459,119	2,280,393	(178,726)
Other state sources	5,229,684	6,361,355	6,434,906	73,551
Other local sources	<u>3,639,967</u>	<u>4,993,194</u>	<u>4,877,484</u>	<u>(115,710)</u>
Total revenues	<u>67,536,612</u>	<u>70,475,033</u>	<u>70,311,460</u>	<u>(163,573)</u>
Expenditures:				
Current:				
Certificated salaries	31,478,529	31,982,008	31,922,384	59,624
Classified salaries	9,002,815	9,297,321	9,250,856	46,465
Employee benefits	17,184,923	17,203,799	17,039,125	164,674
Books and supplies	3,035,031	7,198,352	3,377,096	3,821,256
Contract services and operating expenditures	6,111,256	8,654,440	7,839,990	814,450
Other outgo	1,771,661	1,844,325	1,845,674	(1,349)
Capital outlay	102,275	651,145	654,775	(3,630)
Debt service:				
Principal retirement	<u>205,179</u>	<u>205,179</u>	<u>205,179</u>	<u>-</u>
Total expenditures	<u>68,891,669</u>	<u>77,036,569</u>	<u>72,135,079</u>	<u>4,901,490</u>
Deficiency of revenues under expenditures	<u>(1,355,057)</u>	<u>(6,561,536)</u>	<u>(1,823,619)</u>	<u>4,737,917</u>
Other financing sources (uses):				
Transfers in	-	3,229	4,124	895
Transfers out	<u>(173,360)</u>	<u>-</u>	<u>(23,719)</u>	<u>(23,719)</u>
Total other financing sources (uses)	<u>(173,360)</u>	<u>3,229</u>	<u>(19,595)</u>	<u>(22,824)</u>
Change in fund balance	<u>(1,528,417)</u>	<u>(6,558,307)</u>	<u>(1,843,214)</u>	<u>4,715,093</u>
Fund balance, July 1, 2017	<u>10,706,216</u>	<u>10,706,216</u>	<u>10,706,216</u>	<u>-</u>
Fund balance, June 30, 2018	<u>\$ 9,177,799</u>	<u>\$ 4,147,909</u>	<u>\$ 8,863,002</u>	<u>\$ 4,715,093</u>

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 595,188
Interest	445,026
Benefit payments	<u>(151,318)</u>
Net change in total OPEB liability	888,896
Total OPEB liability, beginning of year	<u>6,143,764</u>
Total OPEB liability, end of year (a)	<u><u>\$ 7,032,660</u></u>
Plan fiduciary net position	
Employer contributions	\$ 151,318
Employee contributions	-
Net investment income	393,328
Administrative expense	(1,996)
Benefits payment	<u>(151,318)</u>
Change in plan fiduciary net position	391,332
Fiduciary trust net position, beginning of year	<u>3,725,177</u>
Fiduciary trust net position, end of year (b)	<u><u>\$ 4,116,509</u></u>
Net OPEB liability, ending (a) - (b)	<u><u>\$ 2,916,151</u></u>
Covered payroll	\$ 38,720,231
Plan fiduciary net position as a percentage of the total OPEB liability	59%
Net OPEB liability as a percentage of covered payroll	8%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

State Teachers' Retirement Plan Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.055%	0.056%	0.057%	0.057%
District's proportionate share of the net pension liability	\$ 32,101,000	\$ 37,482,000	\$ 45,850,000	\$ 52,519,000
State's proportionate share of the net pension liability associated with the District	<u>19,384,000</u>	<u>19,824,000</u>	<u>26,104,000</u>	<u>31,070,000</u>
Total net pension liability	<u>\$ 51,485,000</u>	<u>\$ 57,306,000</u>	<u>\$ 71,954,000</u>	<u>\$ 83,589,000</u>
District's covered payroll	\$ 24,468,000	\$ 25,841,000	\$ 28,252,000	\$ 30,309,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	173.28%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.063%	0.065%	0.068%	0.069%
District's proportionate share of the net pension liability	\$ 7,110,000	\$ 9,545,000	\$ 13,361,000	\$ 16,589,000
District's covered payroll	\$ 6,575,000	\$ 7,169,000	\$ 8,116,000	\$ 8,855,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.63%	187.34%
Plan fiduciary net position as a percentage of the total pension liability	83.83%	79.43%	73.89%	71.87%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2018

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 2,294,702	\$ 3,031,452	\$ 3,812,851	\$ 4,465,253
Contributions in relation to the contractually required contribution	<u>(2,294,702)</u>	<u>(3,031,452)</u>	<u>(3,812,851)</u>	<u>(4,465,253)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,841,000	\$ 28,252,000	\$ 30,309,000	\$ 30,944,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2018

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 843,887	\$ 961,530	\$ 1,229,817	\$ 1,431,741
Contributions in relation to the contractually required contribution	<u>(843,887)</u>	<u>(961,530)</u>	<u>(1,229,817)</u>	<u>(1,431,741)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,169,000	\$ 8,116,000	\$ 8,855,000	\$ 9,219,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in Net OPEB Liability

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65 and 7.15 percent in the June 30, 2013, 2014, 2015, and 2016 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumptions</u>	<u>Measurement Period</u>		
	<u>As of June 30,</u> <u>2017</u>	<u>As of June 30,</u> <u>2016</u>	<u>As of June 30,</u> <u>2015</u>
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Mello Roos Fund	Bond Interest Redemption Fund	Total
ASSETS									
Cash in County Treasury	\$ -	\$ 19,263	\$ -	\$ 688,391	\$ 526,026	\$ 546,915	6,185,082	\$ 5,821,456	\$ 13,787,133
Cash with Fiscal Agent	-	-	-	-	-	-	16,027	-	16,027
Receivables	25,122	29	171,789	1,960	799	2,124	8,304	1	210,128
Stores inventory	-	-	14,111	-	-	-	-	-	14,111
Due from other funds	<u>359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359</u>
Total assets	<u>\$ 25,481</u>	<u>\$ 19,292</u>	<u>\$ 185,900</u>	<u>\$ 690,351</u>	<u>\$ 526,825</u>	<u>\$ 549,039</u>	<u>\$ 6,209,413</u>	<u>\$ 5,821,457</u>	<u>\$ 14,027,758</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 520	\$ 8,812	\$ 4,509	\$ 82,721	\$ -	\$ -	\$ 3,830	\$ -	\$ 100,392
Due to other funds	<u>2,053</u>	<u>-</u>	<u>160,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,099</u>
Total liabilities	<u>2,573</u>	<u>8,812</u>	<u>164,555</u>	<u>82,721</u>	<u>-</u>	<u>-</u>	<u>3,830</u>	<u>-</u>	<u>262,491</u>
Fund balances:									
Nonspendable	-	-	14,111	-	-	-	-	-	14,111
Restricted	<u>22,908</u>	<u>10,480</u>	<u>7,234</u>	<u>607,630</u>	<u>526,825</u>	<u>549,039</u>	<u>6,205,583</u>	<u>5,821,457</u>	<u>13,751,156</u>
Total fund balances	<u>22,908</u>	<u>10,480</u>	<u>21,345</u>	<u>607,630</u>	<u>526,825</u>	<u>549,039</u>	<u>6,205,583</u>	<u>5,821,457</u>	<u>13,765,267</u>
Total liabilities and fund balances	<u>\$ 25,481</u>	<u>\$ 19,292</u>	<u>\$ 185,900</u>	<u>\$ 690,351</u>	<u>\$ 526,825</u>	<u>\$ 549,039</u>	<u>\$ 6,209,413</u>	<u>\$ 5,821,457</u>	<u>\$ 14,027,758</u>

WESTERN PLACER UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Mello Roos Fund	Bond Interest Redemption Fund	Total
Revenues:									
Federal sources	\$ 49,687	\$ -	\$ 1,062,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,112,227
Other state sources	-	-	76,950	-	-	1,349,278	-	-	1,426,228
Other local sources	(359)	310	712,595	693,885	9,981	13,203	6,115,995	4,600,019	12,145,629
Total revenues	<u>49,328</u>	<u>310</u>	<u>1,852,085</u>	<u>693,885</u>	<u>9,981</u>	<u>1,362,481</u>	<u>6,115,995</u>	<u>4,600,019</u>	<u>14,684,084</u>
Expenditures:									
Current:									
Classified salaries	43,397	-	784,810	181,731	-	-	-	-	1,009,938
Employee benefits	23,845	-	359,163	66,884	-	-	-	-	449,892
Books and supplies	1,064	-	659,204	5,670	-	-	-	-	665,938
Contract services and operating expenditures	617	-	36,148	78,657	100,861	1,016,975	838,621	-	2,071,879
Capital outlay	-	-	7,800	47,736	209,224	-	-	-	264,760
Debt service:									
Principal retirement	-	-	-	-	-	-	3,360,437	1,330,720	4,691,157
Interest	-	-	-	-	-	-	4,201,365	3,851,928	8,053,293
Total expenditures	<u>68,923</u>	<u>-</u>	<u>1,847,125</u>	<u>380,678</u>	<u>310,085</u>	<u>1,016,975</u>	<u>8,400,423</u>	<u>5,182,648</u>	<u>17,206,857</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(19,595)</u>	<u>310</u>	<u>4,960</u>	<u>313,207</u>	<u>(300,104)</u>	<u>345,506</u>	<u>(2,284,428)</u>	<u>(582,629)</u>	<u>(2,522,773)</u>
Other financing sources (uses):									
Transfers in	23,719	-	-	-	-	-	600,000	-	623,719
Transfers out	(4,124)	-	-	(600,000)	-	-	-	-	(604,124)
Premium on the issuance of long-term liabilities	-	-	-	-	-	-	3,734,351	-	3,734,351
Proceeds from the issuance of debt	-	-	-	-	-	-	51,795,000	-	51,795,000
Deposit to refunding escrow	-	-	-	-	-	-	(54,710,573)	-	(54,710,573)
Total other financing sources (uses)	<u>19,595</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>1,418,778</u>	<u>-</u>	<u>838,373</u>
Net change in fund balances	-	310	4,960	(286,793)	(300,104)	345,506	(865,650)	(582,629)	(1,684,400)
Fund balances, July 1, 2017	<u>22,908</u>	<u>10,170</u>	<u>16,385</u>	<u>894,423</u>	<u>826,929</u>	<u>203,533</u>	<u>7,071,233</u>	<u>6,404,086</u>	<u>15,449,667</u>
Fund balances, June 30, 2018	<u>\$ 22,908</u>	<u>\$ 10,480</u>	<u>\$ 21,345</u>	<u>\$ 607,630</u>	<u>\$ 526,825</u>	<u>\$ 549,039</u>	<u>\$ 6,205,583</u>	<u>\$ 5,821,457</u>	<u>\$ 13,765,267</u>

WESTERN PLACER UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2018

Western Placer Unified School District, a political subdivision of the State of California, was established in 1966 and is comprised of an area of approximately 170 square miles located in Placer County. There were no changes in the boundaries of the District during the year. The District currently operates seven elementary schools, two middle schools, one comprehensive high school, one continuation high school and one independent study academy.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Paul Carras	President	November 2020
Paul Long	Vice President	November 2020
Brain Haley	Clerk	November 2018
Kris Wyatt	Member	November 2018
Damian Armitage	Member	November 2018

ADMINISTRATION

Scott Leaman
Superintendent

Kerry Callahan
Assistant Superintendent, Educational Services

Audrey Kilpatrick
Assistant Superintendent, Business and Operations

Gabe Simon
Assistant Superintendent of Personnel Services

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2018

	Second Period <u>Report</u>	Annual <u>Report</u>
Certificate #	C381A425	7D3F3895
Elementary:		
Transitional Kindergarten through Third	2,100	2,107
Fourth through Sixth	1,562	1,566
Seventh and Eighth	1,062	1,062
Special Education	<u>19</u>	<u>20</u>
Total Elementary	<u>4,743</u>	<u>4,755</u>
Secondary:		
Ninth through Twelfth	1,854	1,844
Continuation Education	66	66
Special Education	<u>4</u>	<u>8</u>
Total Secondary	<u>1,924</u>	<u>1,918</u>
ADA Totals	<u><u>6,667</u></u>	<u><u>6,673</u></u>

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2018

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2017-2018 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	53,965	180	In Compliance
Grade 2	50,400	53,965	180	In Compliance
Grade 3	50,400	53,965	180	In Compliance
Grade 4	54,000	54,790	180	In Compliance
Grade 5	54,000	54,790	180	In Compliance
Grade 6	54,000	61,675	180	In Compliance
Grade 7	54,000	61,675	180	In Compliance
Grade 8	54,000	61,675	180	In Compliance
Grade 9	64,800	65,150	180	In Compliance
Grade 10	64,800	65,150	180	In Compliance
Grade 11	64,800	65,150	180	In Compliance
Grade 12	64,800	65,150	180	In Compliance

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic and Local Assistance Entitlement, Part B, Sec 611 (Formerly 94-142)	13379	\$ 1,001,752
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611 (Age 3-5)	13682	196,665
84.173	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15197	85,556
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	<u>41,087</u>
	Subtotal Special Education Cluster		<u>1,325,060</u>
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	630,360
	ESEA Title III:		
84.365	ESEA: Title III, Limited English Proficiency Student Program	14346	85,261
84.365	ESEA: Title III: Immigrant Education Program	14346	<u>1,064</u>
	Subtotal ESEA Title III		<u>86,325</u>
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	86,020
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	37,720
84.126	Department of Rehabilitation: Workability II, Transitions Partnership	10006	<u>47,708</u>
	Total U.S. Department of Education		<u>2,213,193</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.553	Especially Needy School Breakfast	13526	174,901
10.555	Child Nutrition: School Programs	13523	<u>887,639</u>
	Total Child Nutrition Cluster and U.S. Department of Agriculture		<u>1,062,540</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.778	Department of Health Care Services (DHCS): Medi-Cal Billing Option - Medicaid Cluster	10013	\$ <u>121,766</u>
	Total Federal Awards		\$ <u><u>3,397,499</u></u>

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

	Building <u>Fund</u>
June 30, 2018 Unaudited Actual Financial Reporting Ending Fund Balance:	\$ 51,254,171
Client proposed adjustment for District deposit on land for new elementary school	<u>2,900,000</u>
June 30, 2018 Audit Financial Statements Ending Fund Balance	<u><u>\$ 54,154,171</u></u>

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2018
(UNAUDITED)

	(Budget) <u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 75,034,905	\$ 70,315,584	\$ 70,576,318	\$ 67,511,172
Expenditures	75,237,557	72,135,079	71,680,078	63,604,137
Other uses and transfers out	<u>23,360</u>	<u>23,719</u>	<u>118,873</u>	<u>36,711</u>
Total outgo	<u>75,260,917</u>	<u>72,158,798</u>	<u>71,798,951</u>	<u>63,640,848</u>
Change in fund balance	<u>\$ (226,012)</u>	<u>\$ (1,843,214)</u>	<u>\$ (1,222,633)</u>	<u>\$ 3,870,324</u>
Ending fund balance	<u>\$ 8,636,990</u>	<u>\$ 8,863,002</u>	<u>\$ 10,706,216</u>	<u>\$ 11,928,849</u>
Available reserves	<u>\$ 6,703,173</u>	<u>\$ 7,525,900</u>	<u>\$ 9,208,664</u>	<u>\$ 10,405,390</u>
Designated for economic uncertainties	<u>\$ 2,257,828</u>	<u>\$ 2,168,961</u>	<u>\$ 2,158,381</u>	<u>\$ 1,913,279</u>
Undesignated fund balance	<u>\$ 4,445,345</u>	<u>\$ 5,356,939</u>	<u>\$ 7,050,283</u>	<u>\$ 8,492,111</u>
Available reserves as percentages of total outgo	<u>8.91%</u>	<u>10.43%</u>	<u>12.80%</u>	<u>16.4%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 291,410,888</u>	<u>\$ 297,613,723</u>	<u>\$ 288,093,710</u>	<u>\$ 216,600,527</u>
Average daily attendance at P-2	<u>6,752</u>	<u>6,667</u>	<u>6,581</u>	<u>6,489</u>

The General Fund fund balance has increased by \$804,477 over the past three years. The fiscal year 2018-2019 budget projects a decrease of \$226,012. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2018, the District met this requirement.

The District has incurred operating deficits in two of the past three years, and anticipates an operating deficit in fiscal year 2019.

Total long-term liabilities have increased by \$81,013,196 over the past two years.

Average daily attendance has increased by 178 over the past two years. An increase of 85 ADA is projected for the 2018-2019 fiscal year.

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2018

<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
0015 - Horizon Charter School	Separate report
1715 - John Adams Academy - Lincoln	Separate report
1227 - Partnerships for Student-Centered Learning	Separate report

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - 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 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Western Placer Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 3,392,620
Add: Medi-Cal Billing Funds carryover spent	93.778	<u>4,879</u>
Total Schedule of Expenditure of Federal Awards		<u><u>\$ 3,397,499</u></u>

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt this program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on Compliance with State Laws and Regulations

We have audited Western Placer Unified School District's compliance with the types of compliance requirements described in the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2018.

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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
Apprenticeship: Related and Supplemental Instruction	No, see below
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

We did not perform testing for Independent Study because the ADA was under the level which required testing.

We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform procedures related to Juvenile Court Schools because the District does not offer Juvenile Court Schools.

We did not perform procedures related to Middle or Early College High Schools because the District does not offer Middle or Early College High Schools.

The District does not operate an Apprenticeship Program; therefore, we did not perform any testing of this program.

We did not perform procedures related to the After School Education and Safety Program - Before School, as the District does not operate a before school program.

We did not perform procedures related to the Independent Study-Course Based Program, as the District does not operate an Independent Study-Course Based Program.

We did not perform procedures for the charter school section because the charter schools sponsored by the District have separate reports.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Western Placer Unified School District's compliance with state laws and regulations, as listed above of based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Western Placer Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Western Placer 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 with state laws and regulations. However, our audit does not provide a legal determination of Western Placer Unified School District's compliance.

Opinion with State Laws and Regulations

In our opinion, Western Placer Unified School District complied, in all material respects, with the state laws and regulations referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CROWE LLP". The letters are in all caps and have a casual, slightly slanted, handwritten style.

Crowe LLP

Sacramento, California
December 10, 2018

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

Board of Trustees
Western Placer Unified School District
Lincoln, 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 Western Placer Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Western Placer Unified School District's financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Placer 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 Western Placer Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Placer 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 10, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on Compliance for Each Major Federal Program

We have audited Western Placer Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Western Placer Unified School District's major federal program for the year ended June 30, 2018. Western Placer 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Western Placer 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Western Placer 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 Western Placer Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Western Placer 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 its major federal program for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of Western Placer 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 Western Placer 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 the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Western Placer 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 10, 2018

FINDINGS AND RECOMMENDATIONS

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	<u> X </u> None reported

Noncompliance material to financial statements noted?

	_____ Yes	<u> X </u> No
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FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	<u> X </u> None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	<u> X </u> No
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Identification of major programs:

CFDA Number(s)
10.553, 10.555

Name of Federal Program or Cluster
Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?

	<u> X </u> Yes	_____ No
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STATE AWARDS

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

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2017-001		
<u>Condition:</u>	Implemented	
Twelve Bridges Middle School		
<ul style="list-style-type: none">• A dual count is not being documented when funds are turned into the office.• Student Body minutes were not available for review.• Profit and Loss statements and bank reconciliations are not being reviewed.		
<u>Recommendation:</u>		
Based on the deficiencies identified above, we recommend the following:		
<ul style="list-style-type: none">• Cash count forms should be performed evidencing dual count of funds for receipt of funds.• Student Body minutes should be maintained to support the transactions that occur during the year.• Monthly financial transactions should be reviewed by the site Principal.		