WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2016

WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016
(Continued)

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WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Education
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, 2016, 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, 2016, 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)

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 13 and other Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, Schedule of Other Postemployment Benefits (OPEB) Funding Progress, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 52 to 57 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 Award*s, Chief Financial Officer's Report and 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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016 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 Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 9, 2016

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, 2016. 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 ___ and ___, notes to the financial statements on pages___, and the District's financial statements, which begin on page_.

FINANCIAL HIGHLIGHTS

- California K-12 education finance is in the third year of an estimated (by the California Department of Finance) eight year implementation period of the new funding model "Local Control Funding Formula" (LCFF). The State adopted the 2015-16 budget on time, which included $6 billion in new Proposition 98 funding.

- In 2015-16 the District's Total Assets increased by $4,148,431 which represents a 2% increase from the 2014-15 fiscal year. The increase was primarily due to increases in capital assets, specifically site land purchase in the Twelve Bridges area of a net $3.2 million.

- The District's Net Position increased by $2,506,743 from June 30. Total revenues were $80,270,139, compared to $77,763,396 in expenditures.

- The fund balance of the General Fund increased overall by $3,870,324 from the prior year. The fund balance in the unassigned fund balance category increased by $3,875,036, having begun the year with a balance of $6,530,354. This reserve also includes the 3% Reserve for Economic Uncertainty of $1,913,279. The increase in fund balance from the prior year was projected in both the original and revised budgets adopted by the Board.

- District enrollment in 2015-16 was 6,745 at Second Period reporting, an increase of 87 students, or 1.3%, with a corresponding increase of 45 Average Daily Attendance (ADA) to 2014-15 ADA of 6,489. For 2016-17 enrollment is projected to increase by 67 students. The District attendance rate is projected to remain stable at 95.8% in the next two years.

- Over the past number of years the housing crisis has had a significant impact on District demographics and enrollment growth, and 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 couple of years, and new homes have begun to appear within District boundaries. Administration is optimistic that this new housing will begin an 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 2015-16?"

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, and the Mello-Roos 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 increased by $4,148,431 to $230,592,452 during the 2015-16 fiscal year. Cash and investments accounts increased $1,125,652 from FY 2014-15. Deferred outflows of resources for pensions increased by $2,057,548 due to the continued implementation of GASB 68.

Total liabilities increased $9,713,236 primarily due to an increase in the GASB 68 net pension liability. Accounts payable increased $2,469,590 for increased facilities projects at year end and unearned revenues increased by $1,135,707 due to unspent grant funds received in 2015-16. Deferred inflows of resources for pensions decreased by $5,754,000 due to the continued implementation of GASB 68.

The District's net position for FY 2015-16 was $2,233,818, an increase of $2,506,743 from FY 2014-15. Of this balance, $31,078,866 was restricted while ($45,431,031) was unrestricted. Net investment in capital assets accounted for $16,585,983 of the total net position.

This is the second year of implementation of a change in accounting principles for the implementation of Government Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (collectively, the Statements). The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It requires employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The Statement of Net Position is included in the table below and provides the detail information for 2014-15 and 2015-16 along with the variances between the years.

Table 1
Net Position
June 30, 2015 and 2016

Governmental Activities

	2014-15	2015-16	$ Difference	% Difference
Assets:				
Cash and investments	$ 50,565,101	$ 51,690,753	$ 1,125,652	2.23%
Receivables	2,417,260	2,445,774	28,514	1.18%
Prepaid expenses	563,471	293,704	(269,767)	-47.88%
Other current assets	4,948	4,948	-	0.00%
Stores inventory	8,714	20,786	12,072	138.54%
Capital assets (net of accumulated depreciation)	172,884,527	176,136,487	3,251,960	1.88%
Total assets	**226,444,021**	**230,592,452**	**4,148,431**	**1.83%**
Deferred Outflows of Resources:				
Deferred outflows of resources-pensions	3,227,839	5,304,982	2,077,143	64.35%
Deferred outflow from advance refunding of debt	261,386	241,791	(19,595)	-7.50%
Total deferred outflows of resources - pensions	**3,489,225**	**5,546,773**	**2,057,548**	**58.97%**
Liabilities:				
Accounts payable	7,266,026	9,735,616	2,469,590	33.99%
Unearned revenue	1,839,557	2,975,264	1,135,707	61.74%
Long-term liabilities				
Due within one year	3,900,258	4,418,213	517,955	13.28%
Due after one year	206,592,330	212,182,314	5,589,984	2.71%
Total liabilities	**219,598,171**	**229,311,407**	**9,713,236**	**4.42%**
Deferred Inflows of Resources:				
Deferred inflows of resources-pensions	**10,348,000**	**4,594,000**	**(5,754,000)**	**-55.60%**
Net Position				
Invested in capital assets, net of related debt	11,315,723	16,585,983	5,270,260	46.57%
Restricted	36,813,472	31,078,866	(5,734,606)	-15.58%
Unrestricted	(48,402,120)	(45,431,031)	2,971,089	-6.14%
Net Investment in Capital Assets	**$ (272,925)**	**$ 2,233,818**	**$ 2,506,743**	**-918.47%**

Statement of Activities

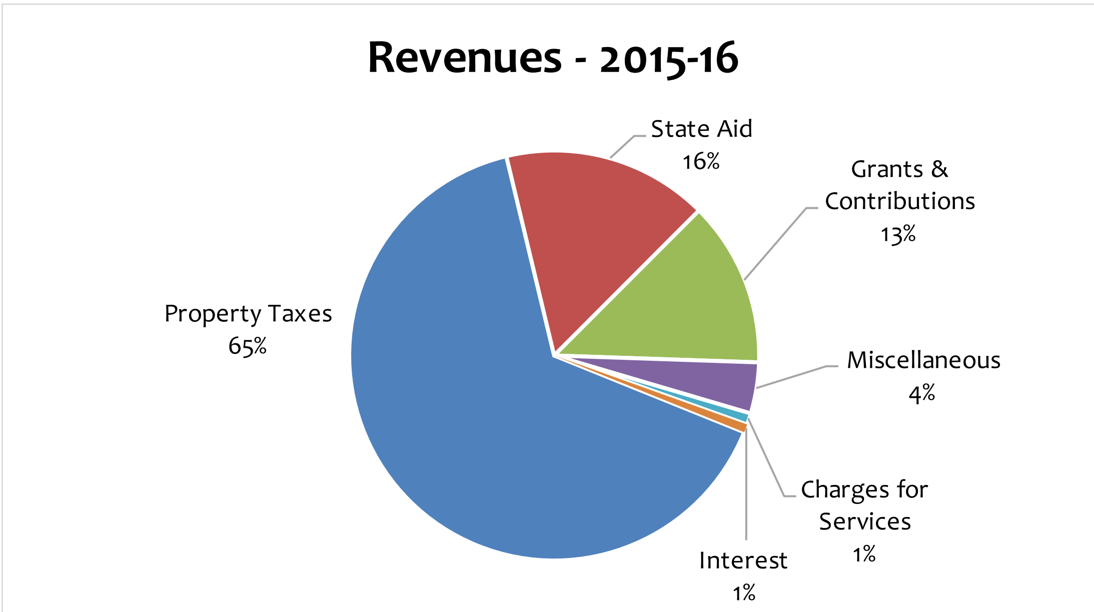
The District's total expenses were $77,763,396 $12,125,010 higher in 2015-16 than 2014-15. Program revenues were $11,217,682; $138,070 greater in 2015-16 than 2014-15. General revenues were $69,052,457; $11,260,880 higher than 2014-15.

Table 2
Statement of Activites
June 30, 2015 and 2016

	Governmental Activities			
	2014-15	**2015-16**	**$ Difference**	**% Difference**
General Revenues				
Taxes Levied for General Purposes	$ 39,757,844	$ 43,702,107	$ 3,944,263	9.92%
Taxes Levied for Debt Service	2,151,687	2,896,015	744,328	34.59%
Taxes Levied for Specific Purposes	5,570,491	5,691,398	120,907	2.17%
Unrestricted Federal and State Aid	6,610,987	13,030,557	6,419,570	97.10%
Interest and Investment Earnings	279,948	520,131	240,183	85.80%
Interagency Revenues	318,342	304,642	(13,700)	-4.30%
Miscellaneous	3,102,278	2,907,607	(194,671)	-6.28%
Total General Revenues	**57,791,577**	**69,052,457**	**11,260,880**	**19.49%**
Program Revenues				
Charges for Services	720,307	725,789	5,482	0.76%
Operating Grants & Contributions	10,345,813	10,479,219	133,406	1.29%
Capital Grants & Contributions	13,492	12,674	(818)	-6.06%
Total Program Revenues	**11,079,612**	**11,217,682**	**138,070**	**1.25%**
Total Revenues	**68,871,189**	**80,270,139**	**11,398,950**	**16.55%**
Expenses				
Instruction	40,344,163	43,871,378	3,527,215	8.74%
Supervision of Instruction	1,703,814	2,126,600	422,786	24.81%
Instructional Library, Media & Technology	477,245	588,520	111,275	23.32%
School Administration	3,712,124	4,290,580	578,456	15.58%
Pupil Support Services	1,828,306	2,471,561	643,255	35.18%
Home-to-School Transportation	1,360,922	1,365,089	4,167	0.31%
Food Service	1,699,713	1,749,503	49,790	2.93%
General Administration	4,016,074	4,029,868	13,794	0.34%
Plant Services	4,688,219	5,294,961	606,742	12.94%
Ancillary Services	1,076,541	1,079,088	2,547	0.24%
Community Services	53,935	49,708	(4,227)	-7.84%
Enterprise activities			-	0.00%
Transfer Between Agencies	1,477,408	2,550,855	1,073,447	72.66%
Interest on Debt and Fiscal Charges	3,199,922	8,295,685	5,095,763	159.25%
Total Expenses	**65,638,386**	**77,763,396**	**12,125,010**	**18.47%**
Change in Net Position	**3,232,803**	**2,506,743**	**(726,060)**	**-22.46%**
Net Position - Beginning	**(3,505,728)**	**(272,925)**	**3,232,803**	**-92.21%**
Net Position - Ending	**$ (272,925)**	**$ 2,233,818**	**$ 2,506,743**	**-918.47%**

The users of the District's programs paid $725,789 of the cost. This revenue was generated through cafeteria sales of $647,294 and other miscellaneous revenue of $78,495. The federal and state governments subsidized certain programs with grants and contributions of $10,479,219. Most of the governmental activities were paid with $52,289,520 in property taxes, $13,030,557 of unrestricted state aid based on the statewide Local Control Funding Formula, and $520,131 of investment earnings. The Miscellaneous Revenues of $3,224,923 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 2015-16 Fiscal Year
Figure 1

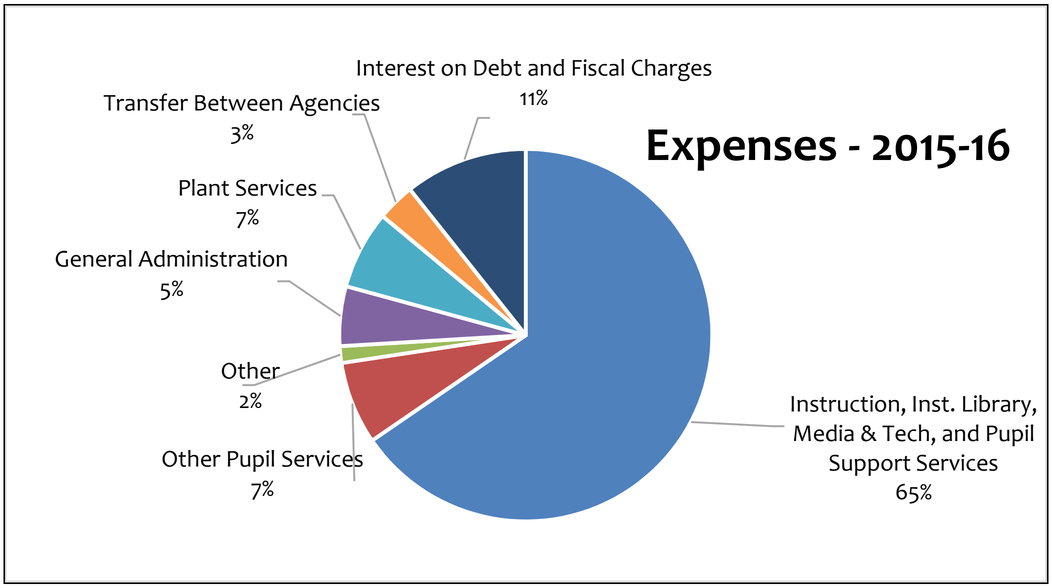


As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $77,763,396.

Instruction, instructional library, media & technology, and pupil services expenses made up approximately 65% of total 2015-16 expenditures. This is a 4% decrease from the 70% expended in FY 2014-15. General administration accounted for approximately 5% of the expenditure budget, with 1% decrease from the prior year. Interest on debt, fiscal charges and transfers between agencies represented 14% of all outgo, and pupil services accounted for 7% of expenditures. Plant maintenance and operations accounted for 7% of the expenditure budget, no change from 2014-15.

Figure 2 charts the Districts expenditures for the 2015-16 school year.

Western Placer USD's Expenses for the Fiscal Year 2015-16
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 $44.8 million, a decrease of $2.1 million from the previous fiscal year's combined ending balance of $46.9 million. The fund with greatest change was the General Fund increasing by $3.9 million due to increase one-time state mandate funds and the Building Fund decreasing $4.0 million for facilities projects activity.

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 $1.08 million. Actual audited activity reflected a net increase to the ending balance of $3.87 million. The difference between the final budget and the actual ending balance is due primarily to District and school site federal and state categorical unspent program fund carryovers. 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 2015-16 fiscal year, the District had invested $176.1 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. This amount represents an increase of $3.3 million from the previous fiscal year, which consists of additional land acquisition, building construction, and equipment additions totaling $8.2 million, net of deletions and depreciation expense in the current fiscal year of $4.9 million.

Table 3
Capital Assets
(net of depreciation)

	2014-15	2015-16	$ Difference	% Difference
Land	$ 39,262,548	$ 42,858,731	$ 3,596,183	9.16%
Site Improvement	1,140,393	1,037,125	(103,268)	-9.06%
Buildings	118,194,986	118,838,892	643,906	0.54%
Equipment & Vehicles	1,137,398	959,481	(177,917)	-15.64%
Work in Progress (WIP)	13,149,202	12,442,258	(706,944)	-5.38%
Total	**$ 172,884,527**	**$ 176,136,487**	**$ 3,251,960**	**1.88%**

During 2015-16 the District completed the purchase of additional land at the new high school site in the Twelve Bridges area. The district also continued modernization construction projects at Lincoln High School. Expenditures for the new high school site in the Twelve Bridges area and the District Farm make up the majority of the June 30, 2016 WIP balance.

Long-Term Debt

At June 30, 2016, the District had $216,600,527 in long-term debt outstanding.

Table 4
Outstanding Liabilities
0

	2015	2016
General Obligation Bonds	$ 23,210,306	$ 22,389,254
Accreted Interest on G.O. Bonds	4,956,741	4,076,524
Special Tax Bond	12,376,387	11,909,462
Unamortized Premiums	726,416	704,105
Other Post Employment Benefits	925,716	1,463,754
PARS	383,807	1,025,897
Compensated Absences	157,215	179,531
Cerfiticates of Participation	128,545,000	127,825,000
Net Pension Liability	39,211,000	47,027,000
TOTAL	**$ 210,492,588**	**$ 216,600,527**

The General Obligation Bonds are financed by the local taxpayers and represent 10.3% 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 59% of the District long-term debt. The District's Net Pension Liability, new for this year, represents 21.7% 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 .5% of the District's long-term liabilities at June 30, 2016. Other post-employment benefits are approximately .7% 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, but 2014-15 experienced an enrollment decrease of 54 students district-wide, mainly in the K-5 grades. We believe that was a one year exception as the District enrollment increased 87 students (or 1.3%) from the prior year. 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 begin building houses in Lincoln again.

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 also to maintain a reserve of at the minimum least 3% for economic uncertainties and those reserves recommended by the Placer County Office of Education and other outside educational agencies.

The 2016-17 State Budget was approved before the deadline of June 30, 2016. The State Budget continues to be balanced. The structural deficit has been eliminated, at least for the duration of Proposition 30. The Governor has used the Proposition 98 revenues to increase Local Control Funding Formula (LCFF) gap funding for the 2016-17, funding to support a one-time allocation of prior year State-mandate cost program reimbursements and a one-time allocation for College Readiness Program. On the expenditure side, the State continues to project increases in STRS and PERS employer contribution rates over the next several years.

In 2016-17, the District adopted a General Fund budget with an effective cost of living adjustment (COLA) for revenue of 0% (Approved State Budget). Due to the zero funded COLA, lower LCFF Gap Funding, increased STRS and PERS costs and on-going support expenditures, the District adopted its General Fund budget with a structural deficit of $1.3 million. Although the district projects this deficit, it still maintains more than the 3% reserve for Economic Uncertainty at approximately 16% and between 13% and 14% over the next two subsequent years.

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, 2016

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 51,690,753
Receivables	2,445,774
Prepaid expenses	293,704
Other current assets	4,948
Stores inventory	20,786
Non-depreciable capital assets (Note 4)	55,300,989
Depreciable capital assets, net of accumulated depreciation (Note 4)	120,835,498
Total assets	230,592,452
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	5,304,982
Deferred outflow from advance refunding of debt	241,791
Total deferred outflows of resources	5,546,773
LIABILITIES	
Accounts payable	9,735,616
Unearned revenue	2,975,264
Long-term liabilities (Note 5):	
Due within one year	4,418,213
Due after one year	212,182,314
Total liabilities	229,311,407
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	4,594,000
NET POSITION	
Net investment in capital assets	16,585,983
Restricted:	
Legally restricted programs	1,490,657
Capital projects	26,871,190
Debt service	2,717,019
Unrestricted	(45,431,031)
Total net position	$ 2,233,818

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 43,871,378	$ 32,895	$ 7,040,637	$ 12,674	$ (36,785,172)
Instruction-related services:					
Supervision of instruction	2,126,600	2,297	855,028	-	(1,269,275)
Instructional library, media and technology	588,520	-	1,160	-	(587,360)
School site administration	4,290,580	6	128,963	-	(4,161,611)
Pupil services:					
Home-to-school transportation	1,365,089	2	5,321	-	(1,359,766)
Food services	1,749,503	647,294	1,085,207	-	(17,002)
All other pupil services	2,471,561	146	496,043	-	(1,975,372)
General administration:					
Data processing	1,373,616	112	420	-	(1,373,084)
All other general administration	2,656,252	29,815	340,707	-	(2,285,730)
Plant services	5,294,961	1,352	9,181	-	(5,284,428)
Ancillary services	1,079,088	-	355,221	-	(723,867)
Community services	49,708	-	23,673	-	(26,035)
Other outgo	2,550,855	11,870	137,658	-	(2,401,327)
Interest on long-term liabilities	8,295,685	-	-	-	(8,295,685)
Total governmental activities	$ 77,763,396	$ 725,789	$ 10,479,219	$ 12,674	(66,545,714)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	43,702,107
Taxes levied for debt service	2,896,015
Taxes levied for other specific purposes	5,691,398
Federal and state aid not restricted to specific purposes	13,030,557
Interest and investment earnings	520,131
Interagency revenues	304,642
Miscellaneous	2,907,607
Total general revenues	69,052,457
Change in net position	2,506,743
Net position, July 1, 2015	(272,925)
Net position, June 30, 2016	$ 2,233,818

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Building Fund	Mello-Roos Fund	All Non-Major Funds	Total Govern-mental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 18,906,123	$ 16,775,433	$ 7,478,586	$ 5,489,595	$ 48,649,737
Cash in revolving fund	5,000	-	-	-	5,000
Cash with Fiscal Agent	-	-	3,035,526	-	3,035,526
Cash collections awaiting deposit	490	-	-	-	490
Receivables	2,227,009	17,158	6,851	194,756	2,445,774
Prepaid expenditures	288,608	-	5,096	-	293,704
Stores inventory	-	-	-	20,786	20,786
Due from other funds	13,875	-	-	351	14,226
Other current assets	3,523	-	-	1,425	4,948
Total assets	$ 21,444,628	$ 16,792,591	$ 10,526,059	$ 5,706,913	$ 54,470,191
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 6,545,390	$ 18,203	$ 9,827	$ 93,891	$ 6,667,311
Unearned revenue	2,970,038	-	-	5,226	2,975,264
Due to other funds	351	-	-	13,875	14,226
Total liabilities	9,515,779	18,203	9,827	112,992	9,656,801
Fund balances:					
Nonspendable	293,608	-	-	20,786	314,394
Restricted	1,229,851	16,774,388	10,516,232	5,573,135	34,093,606
Unassigned	10,405,390	-	-	-	10,405,390
Total fund balances	11,928,849	16,774,388	10,516,232	5,593,921	44,813,390
Total liabilities and fund balances	$ 21,444,628	$ 16,792,591	$ 10,526,059	$ 5,706,913	$ 54,470,191

See accompanying notes to financial statements.

Total fund balances - Governmental Funds		$ 44,813,390
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 $221,158,268 and the accumulated depreciation is $45,021,781 (Note 4).		176,136,487
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.		(3,068,305)
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, 2016 consisted of (Note 5):		
Special Tax Bonds	$ (11,909,462)	
General Obligation Bonds	(22,389,254)	
Accreted interest	(4,076,524)	
Unamortized premiums	(704,105)	
Certificates of Participation	(127,825,000)	
Public Agency Retirement System (PARS)	(1,025,897)	
Other postemployment benefits (Note 9)	(1,463,754)	
Net pension liability (Notes 7 and 8)	(47,027,000)	
Compensated absences	(179,531)	
		(216,600,527)
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:		241,791
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 are reported (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	$ 5,304,982	
Deferred inflows of resources relating to pensions	(4,594,000)	
		710,982
Total net position - governmental activities		$ 2,233,818

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, 2016

	General Fund	Building Fund	Mello-Roos Fund	All Non-Major Funds	Total Govern-mental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	$ 19,456,703	$ -	$ -	$ -	$ 19,456,703
Local sources	32,619,120	-	-	-	32,619,120
Total LCFF	52,075,823	-	-	-	52,075,823
Federal sources	2,496,125	-	-	1,085,646	3,581,771
Other state sources	8,636,608	-	-	76,712	8,713,320
Other local sources	4,225,716	234,688	5,920,581	5,310,493	15,691,478
Total revenues	67,434,272	234,688	5,920,581	6,472,851	80,062,392
Expenditures:					
Current:					
Certificated salaries	28,989,876	-	-	-	28,989,876
Classified salaries	8,298,868	4,072	-	988,799	9,291,739
Employee benefits	14,254,896	1,764	-	417,847	14,674,507
Books and supplies	2,932,188	22,757	-	759,750	3,714,695
Contract services and operating expenditures	6,574,259	27,380	12,237	228,964	6,842,840
Other outgo	1,518,376	-	-	-	1,518,376
Capital outlay	651,867	4,171,754	-	1,085,163	5,908,784
Debt service:					
Principal retirement	383,807	-	1,186,925	821,052	2,391,784
Interest	-	-	6,978,716	1,877,901	8,856,617
Total expenditures	63,604,137	4,227,727	8,177,878	6,179,476	82,189,218
Excess (deficiency) of revenues over (under) expenditures	3,830,135	(3,993,039)	(2,257,297)	293,375	(2,126,826)
Other financing sources (uses):					
Transfers in	76,900	-	800,000	36,711	913,611
Transfers out	(36,711)	-	-	(876,900)	(913,611)
Total other financing sources (uses)	40,189	-	800,000	(840,189)	-
Change in fund balances	3,870,324	(3,993,039)	(1,457,297)	(546,814)	(2,126,826)
Fund balances, July 1, 2015	8,058,525	20,767,427	11,973,529	6,140,735	46,940,216
Fund balances, June 30, 2016	$ 11,928,849	$ 16,774,388	$ 10,516,232	$ 5,593,921	$ 44,813,390

See accompanying notes to financial statements.

Net change in fund balances - Total Governmental Funds		$ (2,126,826)
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).	$ 6,896,099	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(3,629,183)	
The entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 4).	(14,956)	
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).	2,007,977	
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).	880,217	
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.	(322,000)	
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).	(642,090)	
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).	22,311	
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:.	(19,595)	

(Continued)

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:	15,143	
In the statement of activities, expenses related to other postemployment benefits 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).	(560,354)	4,633,569
Change in net position of governmental activities		$ 2,506,743

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2016

	Trust Funds		Agency Fund
	Scholarship	Retiree Benefits	Student Body
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	$ 161,042	$ 6,796	$ -
Cash on hand and in banks	-	-	305,295
Receivables	166	7	-
Total assets	161,208	6,803	$ 305,295
LIABILITIES			
Due to student groups	-	-	$ 305,295
NET POSITION			
Restricted for scholarship and retiree benefits	$ 161,208	$ 6,803	

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, 2016

	Trust Funds	
	Scholarship	Retiree Benefits
Additions:		
Other local sources	$ 1,953	$ 82
Deductions:		
Contract services and operating expenditures	1,200	-
Change in net position	753	82
Net position, July 1, 2015	160,455	6,721
Net position, June 30, 2016	$ 161,208	$ 6,803

See accompanying notes to financial statements.

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 Education 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 Cooperation (the Corporation) have a financial and operational relationship that meets the reporting entity definition criteria of GASB Codification Section 2100, *The Financial Reporting Entit*y, 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.

Western Placer Unified School District Financing Corporation: 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 Education.

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)

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.

<u>Basis of Presentation - Financial Statements</u>: 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.

<u>Basis of Presentation - Government-Wide Financial Statements</u>: 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.

<u>Basis of Presentation - Fund Accounting</u>: 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Mello-Roos Fund:

The Mello-Roos Fund is a capital projects fund used to account for resources used for the acquisition or construction 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 and Special Reserve 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)

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 Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education 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, 2016.

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. 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 shortened life of the refunded or refunding debt. Amortization for the year ended June 30, 2016 totaled $19,595. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability reported in the Statement of Net Position. Amortization for the year ended June 30, 2016 totaled $369,167.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: 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 pension liability reported which is in the Statement of Net Position. Amortization for the year ended June 30, 2016 totaled $1,616,000.

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. Investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 3,494,452	$ 1,810,530	$ 5,304,982
Deferred inflows of resources	$ 3,681,000	$ 913,000	$ 4,594,000
Net pension liability	$ 37,482,000	$ 9,545,000	$ 47,027,000
Pension expense	$ 4,948,154	$ 989,137	$ 5,937,291

Compensated Absences: Compensated absences totaling $179,531 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)

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 Education. 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 Education is required to remove any commitment from any fund balance. At June 30, 2016, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2016, no such designation has occurred.

(Continued)

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 Education. At June 30, 2016, the District has established a minimum General Fund fund balance policy of 5% of General Fund total outgo. As of June 30, 2016, the District has an unassigned balance of $10,405,390 or 16.4%.

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)

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2016 are reported at fair value and consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Fund:		
Cash in County Treasury	$ 48,649,737	$ 167,838
Deposits:		
Cash on hand and in banks	-	305,295
Cash in revolving fund	5,000	-
Cash awaiting deposit	490	-
Investments:		
Cash with Fiscal Agent	3,035,526	-
Total cash and investments	$ 51,690,753	$ 473,133

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, 2016, the carrying amount of the District's accounts was $310,785 and the bank balance was $544,043, all of which was insured.

Investments: The Cash with Fiscal Agent of $3,035,526 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.

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, 2016, 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, 2016, the District had no concentration of credit risk.

(Continued)

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, 2016 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General	$ 13,875	$ 351
Non-Major Fund:		
Adult Education	351	13,875
Totals	$ 14,226	$ 14,226

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

Transfers for the 2015-2016 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for General Fund Contribution to the Transition Partnership Program.	$ 23,711
Transfer from the General Fund to the Child Development Fund for debt payment.	13,000
Transfer from the Adult Education Fund to the General Fund for indirect costs.	2,592
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	74,308
Transfer from the Capital Facilities Fund to the Capital Projects for Blended Component Units Fund for developer fee revenue.	800,000
	$ 913,611

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2016 is shown below:

Governmental Activities	Balance July 1, 2015	Transfers and Additions	Transfers and Deductions	Balance June 30, 2016
Non-depreciable:				
Land	$ 39,262,548	$ 3,596,183	$ -	$ 42,858,731
Work-in-process	13,149,202	561,385	1,268,329	12,442,258
Depreciable:				
Buildings	154,124,673	3,860,871	-	157,985,544
Equipment	4,813,715	145,989	59,967	4,899,737
Site improvements	2,971,998	-	-	2,971,998
Totals, at cost	214,322,136	8,164,428	1,328,296	221,158,268
Less accumulated depreciation:				
Buildings	(35,929,687)	(3,216,965)	-	(39,146,652)
Equipment	(3,676,317)	(308,950)	(45,011)	(3,940,256)
Site improvements	(1,831,605)	(103,268)	-	(1,934,873)
Total accumulated depreciation	(41,437,609)	(3,629,183)	(45,011)	(45,021,781)
Capital assets, net	$ 172,884,527	$ 4,535,245	$ 1,283,285	$ 176,136,487

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 3,197,908
Instructional supervision and administration	5,000
Instructional library, media and technology	16,965
School site administration	60,000
Home-to-School transportation	220,000
Food services	13,600
General administrative	11,411
Centralized data processing	33,381
Plant services	70,918
Total depreciation expense	$ 3,629,183

(Continued)

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 Bond are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	$ 500,622	$ 385,410	$ 886,032
2018	510,437	373,076	883,513
2019	524,892	360,444	885,336
2020	538,899	347,466	886,365
2021	552,449	332,884	885,333
2022-2026	3,034,689	1,365,874	4,400,563
2027-2031	3,606,760	786,311	4,393,071
2032-2035	2,640,714	158,848	2,799,562
	$ 11,909,462	$ 4,110,313	$ 16,019,775

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.

Year Ended June 30,	Principal	Interest	Total
2017	$ 832,116	$ 1,492,884	$ 2,325,000
2018	845,720	1,664,280	2,510,000
2019	711,418	1,533,582	2,245,000
	$ 2,389,254	$ 4,690,746	$ 7,080,000

(Continued)

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 June 30,	Principal	Interest	Total
2017	$ 470,000	$ 807,056	$ 1,277,056
2018	485,000	792,731	1,277,731
2019	500,000	775,456	1,275,456
2020	520,000	755,056	1,275,056
2021	545,000	731,031	1,276,031
2022-2026	3,175,000	3,212,106	6,387,106
2027-2031	3,825,000	2,563,278	6,388,278
2032-2036	4,695,000	1,685,275	6,380,275
2037-2041	5,785,000	597,100	6,382,100
	$ 20,000,000	$ 11,919,089	$ 31,919,089

Certificates of Participation (COP): In June 2008, the District issued $32,370,000 Refinancing Project COP, with interest rates ranging from 3.4% to 5.0%, maturing in 2048. The 2008 refinancing COP was used to pay the 2003 Series A COP and the 2003 Series B COP. In August 2008, the District issued $36,725,000 Refinancing Project COP, with interest rates ranging from 4.0% to 5.13%, maturing in 2048. The 2008B refinancing COP was used to pay the 2004 Series A COP. In December 2009, the District issued $53,035,000 Refinancing Project COP, with interest rates ranging from 3.0% to 5.75%, maturing in 2050. The 2009 refinancing COPs was used to pay the 2006 Series B 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 2008, Refinancing Project COP matured as follows:

Year Ended June 30,	Principal	Interest	Total
2017	$ 95,000	$ 1,564,613	$ 1,659,613
2018	345,000	1,556,740	1,901,740
2019	495,000	1,541,125	2,036,125
2020	695,000	1,517,820	2,212,820
2021	545,000	1,492,748	2,037,748
2022-2026	3,585,000	6,992,952	10,577,952
2027-2031	1,400,000	6,433,113	7,833,113
2032-2036	2,050,000	6,061,775	8,111,775
2037-2041	10,515,000	4,624,875	15,139,875
2042-2046	12,025,000	1,559,375	13,584,375
2047-2048	525,000	15,875	540,875
	$ 32,275,000	$ 33,361,011	$ 65,636,011

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The 2008, Series B COP matured as follows:

Year Ended June 30,	Principal	Interest	Total
2017	$ 210,000	$ 1,827,444	$ 2,037,444
2018	215,000	1,816,819	2,031,819
2019	215,000	1,806,069	2,021,069
2020	215,000	1,796,393	2,011,393
2021	285,000	1,786,251	2,071,251
2022-2026	1,950,000	8,623,555	10,573,555
2027-2031	1,065,000	8,367,963	9,432,963
2032-2036	4,565,000	7,655,944	12,220,944
2037-2041	9,115,000	6,046,610	15,161,610
2042-2046	12,650,000	3,228,549	15,878,549
2047-2048	6,030,000	312,881	6,342,881
	$ 36,515,000	$ 43,268,478	$ 79,783,478

The 2009, Refinancing Project COP matured as follows:

Year Ended June 30,	Principal	Interest	Total
2017	$ 240,000	$ 2,784,039	$ 3,024,039
2018	340,000	2,773,079	3,113,079
2019	410,000	2,758,419	3,168,419
2020	360,000	2,742,793	3,102,793
2021	455,000	2,725,416	3,180,416
2022-2026	3,635,000	13,322,338	16,957,338
2027-2031	7,230,000	11,764,013	18,994,013
2032-2036	10,105,000	9,555,993	19,660,993
2037-2041	405,000	8,107,931	8,512,931
2042-2046	5,255,000	7,663,457	12,918,457
2047-2050	22,630,000	3,065,900	25,695,900
	$ 51,065,000	$ 67,263,378	$ 118,328,378

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The 2011, Refinancing Project COP matured as follows:

Year Ended June 30,	Principal	Interest	Total
2017	$ 170,000	$ 387,832	$ 557,832
2018	175,000	382,548	557,548
2019	180,000	376,776	556,776
2020	-	373,737	373,737
2021	-	373,737	373,737
2022-2026	240,000	1,863,285	2,103,285
2027-2031	2,610,000	1,510,005	4,120,005
2032-2036	1,770,000	968,673	2,738,673
2037-2041	2,290,000	449,386	2,739,386
2042	535,000	13,911	548,911
	$ 7,970,000	$ 6,699,890	$ 14,669,890

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 June 30,	Annual Payments
2017	$ 205,179
2018	205,179
2019	205,179
2020	205,180
2021	205,180
	$ 1,025,897

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, 2016 is shown below:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Governmental activities:					
Special Tax Bonds	$ 12,376,387	$ -	$ 466,925	$ 11,909,462	$ 500,622
General Obligation Bonds	23,210,306	-	821,052	22,389,254	1,302,116
Accreted interest	4,956,741	448,731	1,328,948	4,076,524	1,492,884
Unamortized Premiums	726,416	-	22,311	704,105	22,881
Certificates of Participation	128,545,000	-	720,000	127,825,000	715,000
PARS	383,807	1,025,897	383,807	1,025,897	205,179
Other postemployment benefits (Note 9)	925,716	669,213	131,175	1,463,754	-
Net pension liability (Notes 7 and 8)	39,211,000	7,816,000	-	47,027,000	-
Compensated absences	157,215	22,316	-	179,531	179,531
Total	$ 210,492,588	$ 9,982,157	$ 3,874,218	$ 216,600,527	$ 4,418,213

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 other postemployment benefits, net pension liability and the compensated absences are made from the fund for which the related employee worked.

(Continued)

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2016 consisted of the following:

	General Fund	Building Fund	Mello-Roos Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 5,000	$ -	$ -	$ -	$ 5,000
Prepaid expenditures	288,608	-	-	-	288,608
Stores inventory	-	-	-	20,786	20,786
Subtotal non-spendable	293,608	-	-	20,786	314,394
Restricted:					
Legally restricted programs	1,229,851	-	-	240,020	1,469,871
Capital projects	-	16,774,388	10,516,232	2,616,096	29,906,716
Debt service	-	-	-	2,717,019	2,717,019
Subtotal restricted	1,229,851	16,774,388	10,516,232	5,573,135	34,093,606
Unassigned:					
Reserve for economic uncertainty	1,913,279	-	-	-	1,913,279
Undesignated	8,492,111	-	-	-	8,492,111
Subtotal unassigned	10,405,390	-	-	-	10,405,390
Total fund balances	$ 11,928,849	$ 16,774,388	$ 10,516,232	$ 5,593,921	$ 44,813,390

(Continued)

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.

The Defined Benefit 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.

(Continued)

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

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 9.20 percent of applicable member earnings for fiscal year 2015-16. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.56 percent of applicable member earnings for fiscal year 2015-16.

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.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

Employers – 10.73 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 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 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 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 2015-16 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2015	8.25%	2.48%	10.73%
July 01, 2016	8.25%	4.33%	12.58%
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, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed $3,031,542 to the plan for the fiscal year ended June 30, 2016.

State - 7.391 percent of the members’ creditable earnings from the fiscal year ending in the prior calendar year.

(Continued)

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

Additionally, beginning October 1, 1998, a statutory contribution rate of 0.524 percent, adjustable annually in 0.25 percent increments up to a maximum of 1.505 percent, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments starting October 1, 2013, at an additional contribution rate of 1.024 percent. As of June 30, 2014, the state contributed $200.7 million of the $267.6 million total amount for fiscal year 2013-14. As a result of AB 1469, the fourth quarterly payment of $66.9 million was included in an increased first quarter payment of $94 million for the 2014-15 fiscal year, which was transferred on July 1, 2014.

In accordance with AB 1469, the portion of the state appropriation under Education Code Section 22955(b) that is in addition to the 2.017 percent has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437 percent in 2014-15 to 4.311 percent in 2015-16. The increased contributions end as of fiscal year 2046-2047.

The CalSTRS state contribution rates effective for fiscal year 2015-16 and beyond are summarized in the table below:

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding	Total State Appropriation to DB Program
July 01, 2015	2.017%	2.874%	2.50%	7.391%
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017 to June 30, 2046	2.017%	4.311%*	2.50%	8.828%*
July 01, 2046 and thereafter	2.017%	*	2.50%	4.517%*

* The new legislation also gives the board limited authority to adjust state contribution rates from July 1, 2017, through June 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 shall 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.

(Continued)

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

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

At June 30, 2016, 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	$ 37,482,000
State's proportionate share of the net pension liability associated with the District	19,824,000
Total	$ 57,306,000

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. 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, 2015, the District's proportion was 0.056 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of $4,948,154 and revenue of $1,959,451 for support provided by the State. At June 30, 2016, 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	$ -	$ 626,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	3,055,000
Changes in proportion and differences between District contributions and proportionate share of contributions	463,000	-
Contributions made subsequent to measurement date	3,031,452	-
Total	$ 3,494,452	$ 3,681,000

(Continued)

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

$3,031,452 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, 2017. 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 June 30,	
2017	$ (1,292,233)
2018	$ (1,292,233)
2019	$ (1,292,233)
2020	$ 710,365
2021	$ (27,833)
2022	$ (23,833)

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, 2015 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 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis for more information.

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. Based on the model from CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are log normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12	6.20
Real Estate	15	4.35
Inflation Sensitive	5	3.20
Fixed Income	20	0.20
Cash / Liquidity	1	0.00

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense 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.

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 7.60 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 56,596,000	$ 37,482,000	$ 21,598,000

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

(Continued)

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-2015.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.

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 agencies first join the PERF, 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, 2016 were as follows:

Members - The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2015-16.

Employers - The employer contribution rate was 11.847 percent of applicable member earnings.

The District contributed $961,530 to the plan for the fiscal year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of $9,545,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. 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, 2015, the District's proportion was 0.065 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2014.For the year ended June 30, 2016, the District recognized pension expense of $989,137.

(Continued)

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

At June 30, 2016, 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	$ 546,000	$ -
Changes of assumptions	-	586,000
Net differences between projected and actual earnings on investments	-	327,000
Changes in proportion and differences between District contributions and proportionate share of contributions	303,000	-
Contributions made subsequent to measurement date	961,530	-
Total	$ 1,810,530	$ 913,000

$961,530 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, 2017. 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 June 30,	
2017	$ 15,917
2018	$ 15,917
2019	$ (14,084)
2020	$ (81,750)

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, 2015 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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
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

(Continued)

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

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, 2014 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.

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.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return
Global Equity	51%	5.25%
Global Fixed Income	19	0.99
Inflation Sensitive	6	0.45
Private Equity	10	6.83
Real Estate	10	4.50
Infrastructure & Forestland	2	4.50
Liquidity	2	(0.55)

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.65 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 discount rate was 7.50 and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively.

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 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.

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 7.65 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	$ 15,536,000	$ 9,545,000	$ 4,564,000

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

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 District provides postretirement health care benefits to certificated employees (under three distinct agreements between the District and the Western Placer Teachers Association) and classified employees (under an agreement between the District and the Western Placer Classified Employees Association) as follows:

A. 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, 2016, there were 4 retirees receiving benefits under this agreement.

B. 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, 2016, there were 6 retired employees receiving benefits under this agreement.

C. 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, 2016, there were 5 retired employees receiving benefits under this agreement.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District provides these benefits on a pay-as-you-go basis. The CERBT agent plan consists of an aggregation of single employer plans under the terms of which separate accounts will be maintained for each employer. So the District's assets will provide benefits only under the District's plan. Separate financial statements are not prepared for the District's Single Employer Plan.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ 671,880
Interest on net OPEB obligation	58,320
Adjustment to annual required contribution	(60,987)
Annual OPEB cost (expense)	669,213
Contributions made	131,175
Change in net OPEB obligation	538,038
Net OPEB obligation - beginning of year	925,716
Net OPEB obligation - end of year	$ 1,463,754

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 and preceding three years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$ 259,473	78%	$ 899,549
June 30, 2015	$ 207,588	87%	$ 925,716
June 30, 2016	$ 669,213	20%	$ 1,463,754

As of July 1, 2015, the most recent actuarial valuation date, the plan was partially funded. The actuarial accrued liability for benefits was $5.6 million and the actuarial value of plan assets was $3.5 million, resulting in an unfunded liability of $2.3 million. The covered payroll (annual payroll of active employees covered by the Plan) was $33.5 million, and the ratio of the UAAL to the covered payroll was 7 percent.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.3 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 4.0 percent. The actuarial value of assets was determined using a 5 year smoothing formula with a 20% corridor around market value, based on the market value of the assets as of June 30, 2016.

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, 2016:

Total assets	$	92,558,255
Total liabilities	$	35,095,872
Total net position	$	57,512,301
Total revenues	$	86,858,318
Total expenses	$	84,855,225
Change in net position	$	2,003,093

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.

(Continued)

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.

NOTE 12 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes: On October 11, 2016, the District issued Tax and Revenue Anticipation Notes (TRANs) totaling $8,300,000, with an interest rate of 2.0%. The 2016 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 2016-2017 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 2016-2017, 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, 2017.

Certificates of Participation: In September 2016, the District issued $69,520,000 Refinancing Project COP, with interest rates between 2.0% and 5.0% and maturing in August 2047, for the advance refunding of the District's 2008 Series A COP and 2008 Series B COP.

Measure N General Obligation Bonds: On June 30, 2016, the Western Placer Unified School District Board of Trustees voted unanimously to place a $60 million general obligation bond on the November 8, 2016 general election ballot. For homeowners in the Western Placer Unified School District this will equal $29.00 per $100,000.00 in assessed home value per year in costs. Measure N will begin the process of upgrading aging facilities at Glen Edwards Middle School and also construct an elementary school in Lincoln Crossing. Measure N was passed on November 8, 2016.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	$ 21,383,976	$ 19,931,519	$ 19,456,703	$ (474,816)
Local sources	28,932,265	32,031,725	32,619,120	587,395
Total LCFF	50,316,241	51,963,244	52,075,823	112,579
Federal sources	2,405,323	2,529,411	2,496,125	(33,286)
Other state sources	7,363,109	11,579,419	8,636,608	(2,942,811)
Other local sources	3,528,387	4,087,328	4,225,716	138,388
Total revenues	63,613,060	70,159,402	67,434,272	(2,725,130)
Expenditures:				
Current:				
Certificated salaries	27,933,184	28,999,984	28,989,876	10,108
Classified salaries	8,008,240	8,305,868	8,298,868	7,000
Employee benefits	12,563,004	14,317,783	14,254,896	62,887
Books and supplies	6,077,000	6,444,923	2,932,188	3,512,735
Contract services and operating expenditures	4,771,866	7,868,297	6,574,259	1,294,038
Other outgo	1,434,773	1,630,386	1,518,376	112,010
Capital outlay	1,139,087	3,250,807	651,867	2,598,940
Debt service:				
Principal retirement	383,807	383,807	383,807	-
Total expenditures	62,310,961	71,201,855	63,604,137	7,597,718
(Excess (deficiency)) excess of revenues (over (under)) over expenditures	1,302,099	(1,042,453)	3,830,135	4,872,588
Other financing sources (uses):				
Interfund transfers in	250,000	212,000	76,900	(135,100)
Interfund transfers out	(286,360)	(248,360)	(36,711)	211,649
Total other financing sources (uses)	(36,360)	(36,360)	40,189	76,549
Change in fund balance	1,265,739	(1,078,813)	3,870,324	4,949,137
Fund balance, July 1, 2015	8,058,525	8,058,525	8,058,525	-
Fund balance, June 30, 2016	$ 9,324,264	$ 6,979,712	$ 11,928,849	$ 4,949,137

See accompanying notes to required supplementary information.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
March 1, 2010	$ 2,400,000	$ 3,000,000	$ 600,000	80%	$ 29,100,000	2%
June 30, 2011	$ 2,561,858	$ 3,064,036	$ 502,178	84%	$ 30,316,435	2%
July 1, 2013	$ 3,120,874	$ 3,665,931	$ 688,760	85%	$ 33,384,182	2%
July 1, 2015	$ 3,476,496	$ 5,625,828	$ 2,333,126	62%	$ 33,503,257	7%

See accompanying notes to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2016

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016
District's proportion of the net pension liability	0.055%	0.056%
District's proportionate share of the net pension liability	$ 32,101,000	$ 37,482,000
State's proportionate share of the net pension liability associated with the District	19,384,000	19,824,000
Total net pension liability	$ 51,485,000	$ 57,306,000
District's covered-employee payroll	$ 24,468,000	$ 25,841,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.20%	145.05%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%

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, 2016

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016
District's proportion of the net pension liability	0.063%	0.065%
District's proportionate share of the net pension liability	$ 7,110,000	$ 9,545,000
District's covered-employee payroll	$ 6,575,000	$ 7,169,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.14%	133.14%
Plan fiduciary net position as a percentage of the total pension liability	83.83%	79.43%

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.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016
Contractually required contribution	$ 2,294,702	$ 3,031,452
Contributions in relation to the contractually required contribution	2,294,702	3,031,452
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 25,841,000	$ 28,252,000
Contributions as a percentage of covered-employee payroll	8.88%	10.73%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016
Contractually required contribution	$ 843,887	$ 961,530
Contributions in relation to the contractually required contribution	843,887	961,530
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 7,169,000	$ 8,116,000
Contributions as a percentage of covered-employee payroll	11.77%	11.85%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

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 Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

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 and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively. There are no changes in assumptions reported for the State Teachers' Retirement Plan.

SUPPLEMENTARY INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2016

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Bond Interest Redemption Fund	Total
ASSETS								
Cash in County Treasury	$ -	$ 18,716	$ 62,218	$ 1,535,378	$ 940,639	$ 215,625	$ 2,717,019	$ 5,489,595
Receivables	37,158	13	153,719	2,585	1,058	223	-	194,756
Stores inventory	-	-	20,786	-	-	-	-	20,786
Due from other funds	351	-	-	-	-	-	-	351
Other current assets	-	-	1,425	-	-	-	-	1,425
Total assets	$ 37,509	$ 18,729	$ 238,148	$ 1,537,963	$ 941,697	$ 215,848	$ 2,717,019	$ 5,706,913
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 726	$ 8,812	$ 4,941	$ 79,412	$ -	$ -	$ -	$ 93,891
Due to other funds	13,875	-	-	-	-	-	-	13,875
Unearned revenue	-	-	5,226	-	-	-	-	5,226
Total liabilities	14,601	8,812	10,167	79,412	-	-	-	112,992
Fund balances:								
Nonspendable	-	-	20,786	-	-	-	-	20,786
Restricted	22,908	9,917	207,195	1,458,551	941,697	215,848	2,717,019	5,573,135
Total fund balances	22,908	9,917	227,981	1,458,551	941,697	215,848	2,717,019	5,593,921
Total liabilities and fund balances	$ 37,509	$ 18,729	$ 238,148	$ 1,537,963	$ 941,697	$ 215,848	$ 2,717,019	$ 5,706,913

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, 2016

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Bond Interest Redemption Fund	Total
Revenues:								
Federal sources	$ 55,307	$ -	$ 1,030,339	$ -	$ -	$ -	$ -	$ 1,085,646
Other state sources	-	-	76,712	-	-	-	-	76,712
Other local sources	1,208	287	700,117	1,664,445	12,674	2,677	2,929,085	5,310,493
Total revenues	56,515	287	1,807,168	1,664,445	12,674	2,677	2,929,085	6,472,851
Expenditures:								
Current:								
Classified salaries	52,247	-	743,525	193,027	-	-	-	988,799
Employee benefits	21,466	-	328,722	67,659	-	-	-	417,847
Books and supplies	1,866	-	610,072	141,812	-	6,000	-	759,750
Contract services and operating expenditures	848	-	41,813	87,569	98,734	-	-	228,964
Capital outlay	-	-	-	1,076,025	9,138	-	-	1,085,163
Debt service:								
Principal retirement	-	-	-	-	-	-	821,052	821,052
Interest	-	13,000	-	-	-	-	1,864,901	1,877,901
Total expenditures	76,427	13,000	1,724,132	1,566,092	107,872	6,000	2,685,953	6,179,476
(Deficiency) excess of revenues (under) over expenditures	(19,912)	(12,713)	83,036	98,353	(95,198)	(3,323)	243,132	293,375
Other financing sources (uses):								
Transfers in	23,711	13,000	-	-	-	-	-	36,711
Transfers out	(2,592)	-	(74,308)	(800,000)	-	-	-	(876,900)
Total other financing sources (uses)	21,119	13,000	(74,308)	(800,000)	-	-	-	(840,189)
Net change in fund balances	1,207	287	8,728	(701,647)	(95,198)	(3,323)	243,132	(546,814)
Fund balances, July 1, 2015	21,701	9,630	219,253	2,160,198	1,036,895	219,171	2,473,887	6,140,735
Fund balances, June 30, 2016	$ 22,908	$ 9,917	$ 227,981	$ 1,458,551	$ 941,697	$ 215,848	$ 2,717,019	$ 5,593,921

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

Name	Office	Term Expires
Damian Armitage	President	November 2018
Kris Wyatt	Vice President	November 2018
Paul Long	Clerk	November 2016
Brian Haley	Member	November 2018
Paul Carras	Member	November 2016

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, 2016

	Second Period Report	Annual Report
Elementary:		
Transitional Kindergarten through Third	2,111	2,115
Fourth through Sixth	1,598	1,599
Seventh and Eighth	1,051	1,049
Special Education	19	19
Total Elementary	4,779	4,782
Secondary:		
Ninth through Twelfth	1,635	1,622
Continuation Education	71	71
Special Education	4	5
Total Secondary	1,710	1,698
ADA Totals	6,489	6,480

See accompanying notes to supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2016

Grade Level	Statutory Minutes Require- ment	2015-16 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	53,295	180	In Compliance
Grade 2	50,400	53,295	180	In Compliance
Grade 3	50,400	53,295	180	In Compliance
Grade 4	54,000	54,780	180	In Compliance
Grade 5	54,000	54,780	180	In Compliance
Grade 6	54,000	61,375	180	In Compliance
Grade 7	54,000	61,375	180	In Compliance
Grade 8	54,000	61,375	180	In Compliance
Grade 9	64,800	65,581	180	In Compliance
Grade 10	64,800	65,581	180	In Compliance
Grade 11	64,800	65,581	180	In Compliance
Grade 12	64,800	65,581	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, 2016

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic and Local Assistance Entitlement, Part B, Sec 611 (Formerly 94-142)	13379	$ 1,041,663
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611 (Age 3-5)	13682	37,175
84.027A	Special Ed: IDEA Mental Health Services, Part B, Sec 611	14468	70,763
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	119,696
	Subtotal Special Education Cluster		1,269,297
	Title I Programs:		
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	878,448
84.365	NCLB: Title III, Limited English Proficiency Student Program	14346	56,349
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	83,727
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	42,153
84.158	Department of Rehabilitation: Workability II, Transitions Partnership	10006	78,667
	Total U.S. Department of Education		2,408,641
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.553	Especially Needy School Breakfast	13526	855,438
10.555	Child Nutrition: School Programs	13523	174,901
	Total Child Nutrition Cluster and U.S. Department of Agriculture		1,030,339

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Health and Human Services - Passed through California Department of Education			
93.778	Department of Health Care Services (DHCS): Medi-Cal Billing Option	10013	$ 128,365
	Total Federal Awards		$ 3,567,345

See accompanying notes to supplementary information.

	Building Fund
Unaudited Actual Financial Statements ending Fund Balance June 30, 2016	$ 17,266,110
Adjustment for understatement of capital outlay expenditures.	(491,722)
Audited Ending Fund Balance, June 30, 2016	$ 16,774,388

	Capital Facilities Fund
Unaudited Actual Financial Statements ending Fund Balance June 30, 2016	$ 966,829
Adjustment for overstatement of capital outlay expenditures.	491,722
Audited Ending Fund Balance, June 30, 2016	$ 1,458,551

There were no other audit adjustments proposed to any other funds of the District.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2016
(UNAUDITED)

General Fund	(Budget) 2017	2016	2015	2014
Revenues and other financing sources	$ 66,798,321	$ 67,511,172	$ 56,494,786	$ 50,950,994
Expenditures	67,877,756	63,604,137	55,738,184	51,447,634
Other uses and transfers out	273,360	36,711	40,410	38,360
Total outgo	68,151,116	63,640,848	55,778,594	51,485,994
Change in fund balance	$ (1,352,795)	$ 3,870,324	$ 716,192	$ (535,000)
Ending fund balance	$ 10,576,054	$ 11,928,849	$ 8,058,525	$ 7,342,333
Available reserves	$ 9,125,083	$ 10,405,390	$ 6,530,354	$ 2,647,085
Designated for economic uncertainties	$ 2,042,294	$ 1,913,279	$ 1,669,813	$ 1,541,240
Undesignated fund balance	$ 7,082,789	$ 8,492,111	$ 4,860,541	$ 1,105,845
Available reserves as percentages of total outgo	13.4%	16.4%	11.71%	5.14%
All Funds				
Total long-term liabilities	$ 212,182,314	$ 216,600,527	$ 210,492,588	$ 157,582,001
Average daily attendance at P-2,	6,526	6,489	6,444	6,425

The General Fund fund balance has increased by $4,051,516 over the past three years. The fiscal year 2016-2017 budget projects an decrease of $1,352,795. 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, 2016, the District met this requirement.

The District has incurred an operating surplus in two of the past three years, and anticipates an operating deficit in fiscal year 2017.

Total long-term liabilities have increased by $59,018,526 over the past two years.

Average daily attendance has increased by 64 over the past two years. An increase of 37 ADA is projected for the 2016-2017 fiscal year.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2016

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
Horizon Charter School	Separate report
Partnerships for Student Centered Learning	Separate report

See accompanying notes to supplementary information.

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 the 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, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained 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, 2016.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 3,581,771
Less: Medi-Cal Billing Funds unspent	93.778	(14,426)
Total Schedule of Expenditure of Federal Awards		$ 3,567,345

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)

NOTE 1 - PURPOSE OF SCHEDULES

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 2016-2017 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audit information.

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, 2016, the District did not adopt this program.

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

Board of Education
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 *2015-16 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, 2016.

Description	Procedures Performed
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
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No, see below
After School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	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.

We did not perform procedures related to California Clean Energy Jobs Act because the District did not expend funds related to the California Clean Energy Jobs Act.

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.

The District submitted all required immunization assessment reports to the California Department of Public Health; therefore, we did not perform any procedures related to this requirement.

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 *2015-16 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 for the year ended June 30, 2016. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Western Placer Unified School District had not complied with the state laws and regulations.

(Continued)

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 *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 9, 2016

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 Education
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, 2016, 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 9, 2016.

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.

(Continued)

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 Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 9, 2016

Crowe Horwath LLP
Independent Member Crowe Horwath International

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

Board of Education
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 each of Western Placer Unified School District's major federal programs for the year ended June 30, 2016. 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 statues, 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 each of its major federal programs for the year ended June 30, 2016.

(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 Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 9, 2016

FINDINGS AND RECOMMENDATIONS

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	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______	Yes	X	None reported
Noncompliance material to financial statements noted?	______	Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
Material weakness(es) identified?	______	Yes	X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______	Yes	X	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	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes	______	No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2015-001 At the following school site selected for testing we noted certain opportunities to enhance internal controls: Lincoln High School: • Sub-receipt books were not being used to issue receipts for teachers and the Student Body Representatives. Recommendation: Cash receipts should be provided and maintained when money is turned into the office.	Implemented.	