

**MOUNTAIN VIEW WHISMAN SCHOOL
DISTRICT**

**AUDIT REPORT
JUNE 30, 2017**

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

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 FOR THE YEAR ENDED JUNE 30, 2017**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Mountain View Whisman School District
Mountain View, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain View Whisman School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mountain View Whisman 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.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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State Board of Accountancy*

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 Mountain View Whisman School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of funding progress for OPEB benefits, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 the Mountain View Whisman School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017 on our consideration of Mountain View Whisman 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 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 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 Mountain View Whisman School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 4, 2017

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

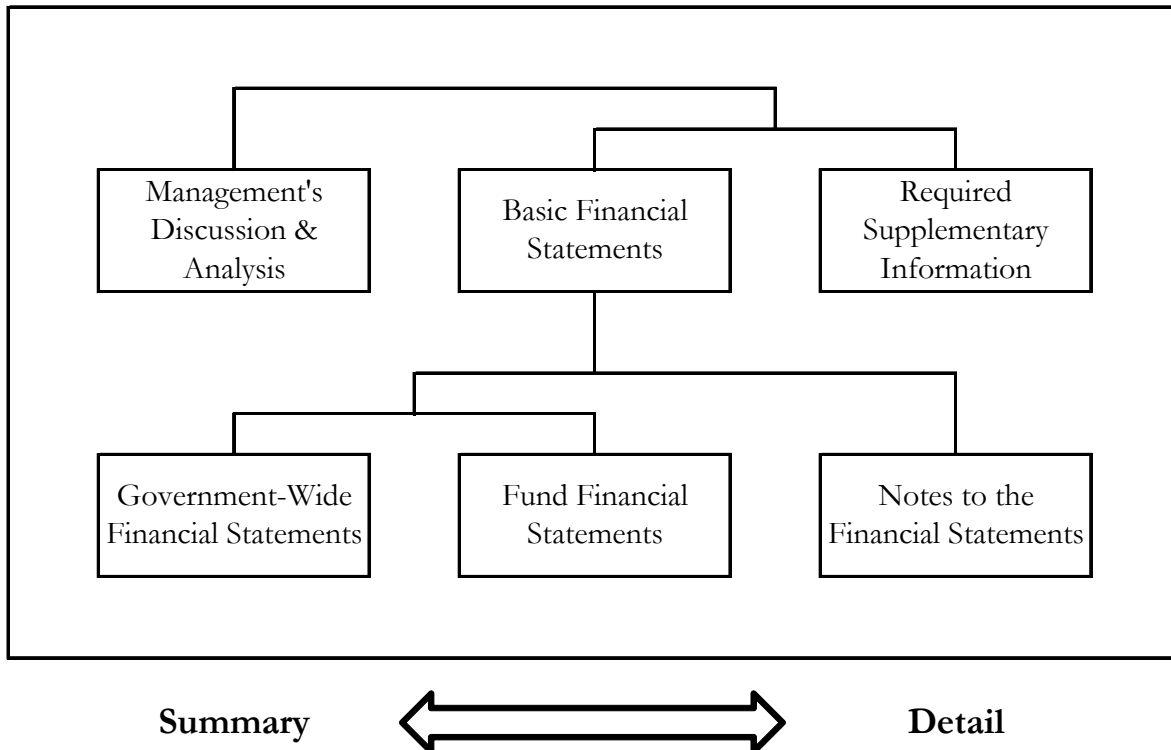
Our discussion and analysis of Mountain View Whisman School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's total net position was \$2,155,854 at June 30, 2017. This was an increase of \$1,126,101 from the prior year's net position.
- ▶ Overall revenues were \$90,306,960 which exceeded expenses of \$89,180,859.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, *continued*
FOR THE YEAR ENDED JUNE 30, 2017**

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

 - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Property taxes and federal and state grants finance most of these activities.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$2,155,854 at June 30, 2017, as reflected in the table below. Of this amount, \$(36,976,762) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2017	2016	Net Change
ASSETS			
Current and other assets	\$237,396,146	\$225,266,903	\$ 12,129,243
Capital assets	113,251,895	80,286,261	32,965,634
Total Assets	350,648,041	305,553,164	45,094,877
DEFERRED OUTFLOWS OF RESOURCES	19,739,529	14,680,386	5,059,143
LIABILITIES			
Current liabilities	23,247,435	10,419,629	12,827,806
Long-term liabilities	342,816,683	304,544,211	38,272,472
Total Liabilities	366,064,118	314,963,840	51,100,278
DEFERRED INFLOWS OF RESOURCES	2,167,598	4,239,957	(2,072,359)
NET POSITION			
Net investment in capital assets	19,020,664	6,604,038	12,416,626
Restricted	20,111,952	27,929,561	(7,817,609)
Unrestricted	(36,976,762)	(33,503,846)	(3,472,916)
Total Net Position	\$ 2,155,854	\$ 1,029,753	\$ 1,126,101

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges slightly, so you can see our total revenues, expenses, and special items for the year.

	Governmental Activities		
	2017	2016	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 4,595,827	\$ 1,317,291	\$ 3,278,536
Operating grants and contributions	15,723,341	11,126,671	4,596,670
General revenues			
Property taxes	59,034,252	49,902,854	9,131,398
Unrestricted federal and state aid	6,659,595	8,168,775	(1,509,180)
Other	4,293,945	4,266,741	27,204
Total Revenues	90,306,960	74,782,332	15,524,628
EXPENSES			
Instruction	52,805,438	43,365,715	9,439,723
Instruction-related services	9,717,294	7,764,580	1,952,714
Pupil services	5,065,439	4,807,926	257,513
General administration	5,546,257	4,124,603	1,421,654
Plant services	5,494,573	4,663,115	831,458
Ancillary services	43,268	112,725	(69,457)
Debt service	10,136,945	5,554,262	4,582,683
Other Outgo	371,645	907,096	(535,451)
Total Expenses	89,180,859	71,300,022	17,880,837
Change in net position	1,126,101	3,482,310	(2,356,209)
Net Position - Beginning*	1,029,753	(2,452,557)	3,482,310
Net Position - Ending	\$ 2,155,854	\$ 1,029,753	\$ 1,126,101

* Beginning Net Position was restated for the 2016 year only

The cost of all our governmental activities this year was \$89,180,859 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$59,034,252 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions as well as charges for services and other general revenues.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below we have presented the net cost of each of the District’s functions. Net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2017	2016
Instruction	\$ 43,032,421	\$ 35,870,012
Instruction-related services	8,085,235	6,493,019
Pupil services	2,833,345	2,482,426
General administration	5,238,924	3,555,151
Plant services	(874,746)	4,136,717
Ancillary services	37,922	72,942
Debt service	10,136,945	5,554,262
Transfers to other agencies	371,645	691,531
Total Expenses	\$ 68,861,691	\$ 58,856,060

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$229,130,419, which is more than last year's ending fund balance of \$222,775,408. The District's General Fund had \$577,814 more in operating revenues than expenditures for the year ended June 30, 2017 as well as \$(292,181) in net financing uses that led to a net increase in fund balance of \$285,633. The District's Building Fund had \$28,285,677 less in operating revenues than expenditures for the year ended June 30, 2017. The District's Capital Facilities Fund had \$5,975,576 less in operating revenues than expenditures for the year ended June 30, 2017. The District's Special Reserve Fund for Capital Outlay Projects had \$629,704 more in operating revenues than expenditures for the year ended June 30, 2017 as well as \$40,454,124 in net financing sources that led to a net increase in fund balance of \$41,083,828. The District's Bond Interest and Redemption Fund had \$246,431 more in operating revenues than expenditures for the year ended June 30, 2017.

CURRENT YEAR BUDGET 2016-17

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016-17 the District had invested \$113,251,895 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2017	2016	Net Change
CAPITAL ASSETS			
Land	\$ 1,341,037	\$ 1,341,037	\$ -
Construction in progress	18,607,951	17,084,679	1,523,272
Buildings & improvements	155,966,293	120,641,441	35,324,852
Furniture & equipment	3,901,683	3,672,181	229,502
Accumulated depreciation	(66,565,069)	(62,453,077)	(4,111,992)
Total Capital Assets	\$113,251,895	\$ 80,286,261	\$ 32,965,634

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end, the District had \$342,816,683 in long-term debt, an increase of 13% from last year – as shown in the table below. (More detailed information about the District’s long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2017	2016	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$255,305,771	\$260,046,204	\$ (4,740,433)
Total certificates of participation	38,403,418	-	38,403,418
Compensated absences	55,912	57,447	(1,535)
Net OPEB obligation	7,708,403	7,238,967	469,436
Net pension liability	53,346,618	43,469,326	9,877,292
Less: current portion of long-term debt	(12,003,439)	(6,267,733)	(5,735,706)
Total Long-term Liabilities	\$342,816,683	\$304,544,211	\$ 38,272,472

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21 but the annual amount funded to meet the target is uncertain.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

State revenues are estimated to increase modestly in 2017-18 but there is uncertainty about the State's long-term economic growth. According to the Legislative Analyst's Office, there are concerns about a possible mild recession. In addition, purchasing power has not been restored to pre-2007/08 levels for most school districts as added funding is going to pay for increases in CalPERS and CalSTRS rates increases and rising health care costs.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2017. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2017-18 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Business Services at 750-A San Pierre Way, Mountain View, CA 94043.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 235,140,907
Accounts receivable	2,058,908
Inventory	93,136
Prepaid expenses	103,195
Capital assets, not depreciated	19,948,988
Capital assets, net of accumulated depreciation	93,302,907
Total Assets	350,648,041
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	15,836,570
Deferred amount on refunding	3,902,959
Total Deferred Outflows of Resources	19,739,529
LIABILITIES	
Accrued liabilities	10,903,690
Unearned revenue	340,306
Long-term liabilities, current portion	12,003,439
Long-term liabilities, non-current portion	342,816,683
Total Liabilities	366,064,118
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,167,598
Total Deferred Inflows of Resources	2,167,598
NET POSITION	
Net investment in capital assets	19,020,664
Restricted:	
Debt service	17,303,048
Educational programs	2,808,903
All others	1
Unrestricted	(36,976,762)
Total Net Position	\$ 2,155,854

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 52,805,438	\$ 1,338,712	\$ 8,434,305	\$ (43,032,421)
Instruction-related services				
Instructional supervision and administration	3,014,651	10,658	599,908	(2,404,085)
Instructional library, media, and technology	1,552,036	101,573	166,421	(1,284,042)
School site administration	5,150,607	27,877	725,622	(4,397,108)
Pupil services				
Home-to-school transportation	983,260	245	19,945	(963,070)
Food services	2,474,726	511,175	1,496,506	(467,045)
All other pupil services	1,607,453	21,237	182,986	(1,403,230)
General administration				
Centralized data processing	966,057	58,779	89,916	(817,362)
All other general administration	4,580,200	5,677	152,961	(4,421,562)
Plant services	5,494,573	2,517,781	3,851,538	874,746
Ancillary services	43,268	2,113	3,233	(37,922)
Interest on long-term debt	10,136,945	-	-	(10,136,945)
Other Outgo	371,645	-	-	(371,645)
Total Governmental Activities	\$ 89,180,859	\$ 4,595,827	\$ 15,723,341	(68,861,691)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				
				43,895,415
Property taxes, levied for debt service				
				12,300,015
Property taxes, levied for other specific purposes				
				2,838,822
Federal and state aid not restricted for specific purposes				
				6,659,595
Interest and investment earnings				
				338,884
Interagency revenues				
				813
Miscellaneous				
				3,954,248
Subtotal, General Revenue				
				69,987,792
CHANGE IN NET POSITION				
				1,126,101
Net Position - Beginning				
				1,029,753
Net Position - Ending				
				\$ 2,155,854

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 29,984,158	\$ 142,798,149	\$ 1,491,347	\$ 40,263,592	\$ 20,236,698	\$ 366,963	\$ 235,140,907
Accounts receivable	1,263,146	413,794	2,841	96,308	44,619	238,200	2,058,908
Due from other funds	519,874	-	-	1,494,188	-	250,052	2,264,114
Stores inventory	5,020	-	-	-	-	88,116	93,136
Prepaid expenditures	103,195	-	-	-	-	-	103,195
Total Assets	\$ 31,875,393	\$ 143,211,943	\$ 1,494,188	\$ 41,854,088	\$ 20,281,317	\$ 943,331	\$ 239,660,260
LIABILITIES							
Accrued liabilities	\$ 1,195,989	\$ 6,450,239	\$ -	\$ 75,727	\$ -	\$ 203,466	\$ 7,925,421
Due to other funds	246,693	-	1,494,188	-	-	523,233	2,264,114
Unearned revenue	224,952	-	-	-	-	115,354	340,306
Total Liabilities	1,667,634	6,450,239	1,494,188	75,727	-	842,053	10,529,841
FUND BALANCES							
Nonspendable	116,215	-	-	-	-	88,116	204,331
Restricted	2,795,742	136,761,704	-	41,778,361	20,281,317	13,162	201,630,286
Assigned	5,078,354	-	-	-	-	-	5,078,354
Unassigned	22,217,448	-	-	-	-	-	22,217,448
Total Fund Balances	30,207,759	136,761,704	-	41,778,361	20,281,317	101,278	229,130,419
Total Liabilities and Fund Balances	\$ 31,875,393	\$ 143,211,943	\$ 1,494,188	\$ 41,854,088	\$ 20,281,317	\$ 943,331	\$ 239,660,260

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2017

Total Fund Balance - Governmental Funds \$ 229,130,419

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 179,816,964	
Accumulated depreciation	(66,565,069)	113,251,895

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

3,902,959

Unmatured interest on long-term debt:

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 statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(2,978,269)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 255,305,771	
Total certificates of participation	38,403,418	
Compensated absences	55,912	
Net OPEB obligation	7,708,403	
Net pension liability	53,346,618	(354,820,122)

Deferred outflows and inflows of resources relating to pensions:

In governmental 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.

Deferred outflows of resources related to pensions	\$ 15,836,570	
Deferred inflows of resources related to pensions	(2,167,598)	13,668,972

Total Net Position - Governmental Activities \$ 2,155,854

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
LCFF sources	\$ 48,498,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,498,975
Federal sources	2,482,960	-	-	-	-	1,805,245	4,288,205
Other state sources	4,263,187	-	-	-	29,652	697,260	4,990,099
Other local sources	11,486,291	1,517,019	2,518,612	1,678,018	12,428,036	529,264	30,157,240
Total Revenues	66,731,413	1,517,019	2,518,612	1,678,018	12,457,688	3,031,769	87,934,519
EXPENDITURES							
Current							
Instruction	45,599,206	-	-	-	-	822,833	46,422,039
Instruction-related services							
Instructional supervision and administration	2,629,111	-	-	-	-	295	2,629,406
Instructional library, media, and technology	1,504,982	-	-	-	-	-	1,504,982
School site administration	4,305,800	-	-	-	-	281,983	4,587,783
Pupil services							
Home-to-school transportation	893,748	-	-	-	-	-	893,748
Food services	553	-	-	-	-	2,270,968	2,271,521
All other pupil services	1,443,604	-	-	-	-	-	1,443,604
General administration							
Centralized data processing	858,711	-	-	-	-	-	858,711
All other general administration	4,135,440	-	-	-	-	17,964	4,153,404
Plant services	4,741,624	-	-	-	-	-	4,741,624
Facilities acquisition and maintenance	-	29,802,696	6,000,000	459,938	-	1,000,000	37,262,634
Ancillary services	40,820	-	-	-	-	-	40,820
Debt service							
Principal	-	-	1,820,000	-	5,470,000	-	7,290,000
Interest and other	-	-	674,188	588,376	6,741,257	-	8,003,821
Total Expenditures	66,153,599	29,802,696	8,494,188	1,048,314	12,211,257	4,394,043	122,104,097
Excess (Deficiency) of Revenues							
Over Expenditures	577,814	(28,285,677)	(5,975,576)	629,704	246,431	(1,362,274)	(34,169,578)
Other Financing Sources (Uses)							
Transfers in	115,011	-	-	-	-	407,192	522,203
Other sources	-	-	-	40,454,124	-	-	40,454,124
Transfers out	(407,192)	-	-	-	-	(44,546)	(451,738)
Net Financing Sources (Uses)	(292,181)	-	-	40,454,124	-	362,646	40,524,589
NET CHANGE IN FUND BALANCE	285,633	(28,285,677)	(5,975,576)	41,083,828	246,431	(999,628)	6,355,011
Fund Balance - Beginning	29,922,126	165,047,381	5,975,576	694,533	20,034,886	1,100,906	222,775,408
Fund Balance - Ending	\$ 30,207,759	\$ 136,761,704	\$ -	\$ 41,778,361	\$ 20,281,317	\$ 101,278	\$ 229,130,419

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Governmental Funds \$ 6,355,011

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 37,131,621	
Depreciation expense:	(4,164,367)	32,967,254

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

7,290,000

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(40,454,124)

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(758,505)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(1,620)

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2017**

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: (1,317,868)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (1,527,300)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: 1,535

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (469,436)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (1,987,285)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 1,028,439

Change in Net Position of Governmental Activities \$ 1,126,101

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

	<u>Trust Funds</u>	<u>Agency Funds</u>
	<u>Private-Purpose</u>	<u>Student Body</u>
	<u>Trust Fund</u>	<u>Fund</u>
ASSETS		
Cash and investments	\$ -	\$ 120,522
Total Assets	<u>-</u>	<u>\$ 120,522</u>
LIABILITIES		
Due to student groups	-	\$ 120,522
Total Liabilities	<u>-</u>	<u>\$ 120,522</u>
NET POSITION		
Held in trust	-	
Total Net Position	<u>\$ -</u>	

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Trust Funds</u>
	<u>Private-Purpose</u>
	<u>Trust Fund</u>
ADDITIONS	
Investment earnings	\$ 486
Total Additions	<u>486</u>
DEDUCTIONS	
Other trust activities	51,827
Interfund transfers out and other uses	70,465
Total Deductions	<u>122,292</u>
CHANGE IN NET POSITION	(121,806)
Net Position - Beginning	<u>121,806</u>
Net Position - Ending	<u>\$ -</u>

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Mountain View Whisman School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. **Basis of Presentation** (*continued*)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Basis of Presentation (*continued*)

Fiduciary Funds

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

Foundation Private-Purpose Trust Fund: This fund is used to account separately for gifts or bequests per *Education Code Section 41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

D. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District’s cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$25,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	20 to 50 years
Furniture and Equipment	5 to 20 years
Vehicles	8 years

Interfund Balances

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District 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 and so will not be recognized as an inflow of resources (revenue) until that time.

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 defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*continued*)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - 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.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. 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. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - 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. 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.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities

G. Estimates

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

H. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

I. Property Tax

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard’s primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This standard’s primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 80 for the year ended June 30, 2017.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This standard’s primary objective is to address issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The majority of this Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 82 for the year ended June 30, 2017.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental	Fiduciary
	Funds	Funds
Investment in county treasury	\$ 205,067,330	\$ -
Cash on hand and in banks	14,949	120,522
Cash with fiscal agent	30,050,628	-
Cash in revolving fund	8,000	-
Total cash and investments	\$ 235,140,907	\$ 120,522

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Santa Clara County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$204,599,340 and an amortized book value of \$205,067,330. The average weighted maturity for this pool is 528 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2017, the pooled investments in the County Treasury were not rated.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Santa Clara County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2017 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 204,599,340
Total fair market value of investments	\$ 204,599,340

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government							
Categorical aid	\$ 408,027	\$ -	\$ -	\$ -	\$ -	\$ 37,136	\$ 445,163
State Government							
Categorical aid	105,041	-	-	-	-	200,788	305,829
Lottery	466,693	-	-	-	-	-	466,693
Local Government							
Other local sources	283,385	413,794	2,841	96,308	44,619	276	841,223
Total	\$ 1,263,146	\$ 413,794	\$ 2,841	\$ 96,308	\$ 44,619	\$ 238,200	\$ 2,058,908

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,341,037	\$ -	\$ -	\$ 1,341,037
Construction in progress	17,084,679	36,816,389	35,293,117	18,607,951
Total Capital Assets not Being Depreciated	18,425,716	36,816,389	35,293,117	19,948,988
Capital assets being depreciated				
Buildings & improvements	120,641,441	35,324,852	-	155,966,293
Furniture & equipment	3,672,181	283,497	53,995	3,901,683
Total Capital Assets Being Depreciated	124,313,622	35,608,349	53,995	159,867,976
Less Accumulated Depreciation				
Buildings & improvements	59,860,327	3,941,311	-	63,801,638
Furniture & equipment	2,592,750	223,056	52,375	2,763,431
Total Accumulated Depreciation	62,453,077	4,164,367	52,375	66,565,069
Governmental Activities				
Capital Assets, net	\$ 80,286,261	\$ 68,260,371	\$ 35,294,737	\$ 113,251,895

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2017 was allocated to functions as follows:

Instruction	\$ 2,784,256
Instructional supervision and administration	157,704
Instructional library, media, and technology	90,264
School site administration	275,162
Home-to-school transportation	53,604
Food services	129,345
All other pupil services	86,583
Centralized data processing	51,503
All other general administration	249,109
Plant services	284,389
Ancillary services	2,448
Total	\$ 4,164,367

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2017, interfund payables and receivables consisted of the following:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	
General Fund	\$ -	\$ -	\$ 246,693	\$ 246,693
Capital Facilities Fund	-	1,494,188	-	1,494,188
Non-Major Governmental Funds	519,874	-	3,359	523,233
Total Due From Other Funds	\$ 519,874	\$ 1,494,188	\$ 250,052	\$ 2,264,114

Due from the General Fund to the Child Development Fund for final construction.	\$ 52,370
Due from the General Fund to the Cafeteria Fund for contribution to fund and catering invoices.	194,323
Due from the Child Development Fund to the General Fund for indirect and field trip charges.	19,164
Due from the Child Development Fund to the Cafeteria Fund for catering invoices.	3,359
Due from the Cafeteria Fund to the General Fund for catering services and summer program.	500,710
Due from the Capital Facilities Fund to the Special Reserve Fund for Capital Outlay Projects for COP repayment adjustment.	1,494,188
Total	\$ 2,264,114

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017**

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Operating Transfers

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	Interfund Transfers In		
	General Fund	Non-Major Governmental Funds	Total
Interfund Transfers Out			
General Fund	\$ -	\$ 407,192	\$ 407,192
Non-Major Governmental Funds	44,546	-	44,546
Private-Purpose Trust Fund	70,465	-	70,465
Total Interfund Transfers	\$ 115,011	\$ 407,192	\$ 522,203
Transfer from the General Fund to the Cafeteria Fund to cover negative balance.			\$ 217,370
Transfer from the General Fund to the Child Development Fund to cover negative balance.			189,822
Transfer from the Deferred Maintenance Fund to the General Fund to close the fund.			44,546
Transfer from the Private-Purpose Trust Fund to the General Fund to close the fund.			70,465
Total			\$ 522,203

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 consisted of the following:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 5,243	\$ -	\$ -	\$ -	\$ -	\$ 5,243
Construction	-	6,450,239	75,727	-	-	6,525,966
Vendors payable	1,177,529	-	-	65,799	-	1,243,328
Unmatured interest	-	-	-	-	2,978,269	2,978,269
Other liabilities	13,217	-	-	137,667	-	150,884
Total	\$ 1,195,989	\$ 6,450,239	\$ 75,727	\$ 203,466	\$ 2,978,269	\$ 10,903,690

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal sources	\$ 4,861	\$ -	\$ 4,861
State categorical sources	-	115,354	115,354
Local sources	220,091	-	220,091
Total	\$ 224,952	\$ 115,354	\$ 340,306

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2017 consisted of the following:

	Balance			Balance		
	July 01, 2016	Additions	Deductions	June 30, 2017	Balance Due	
					In One Year	
Governmental Activities						
General obligation bonds	\$ 226,282,330	\$ -	\$ 4,322,498	\$ 221,959,832	\$ 8,486,663	
Unamortized premium	17,108,738	-	797,733	16,311,005	797,733	
Accreted interest	16,655,136	1,527,300	1,147,502	17,034,934	1,318,337	
Total general obligation bonds	260,046,204	1,527,300	6,267,733	255,305,771	10,602,733	
Certificates of participation	-	35,840,000	1,820,000	34,020,000	1,170,000	
Unamortized premium	-	4,614,124	230,706	4,383,418	230,706	
Total certificates of participation	-	40,454,124	2,050,706	38,403,418	1,400,706	
Compensated absences	57,447	-	1,535	55,912	-	
Net OPEB obligation	7,238,967	469,436	-	7,708,403	-	
Net pension liability	43,469,326	9,877,292	-	53,346,618	-	
Total	\$ 310,811,944	\$ 52,328,152	\$ 8,319,974	\$ 354,820,122	\$ 12,003,439	

Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.

Payments for certificates of participation are made in the Capital Facilities Fund.

Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2017 amounted to \$55,912. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. General Obligation Bonds

The following schedule summarizes the District's outstanding General Obligation Bonds as of June 30, 2017:

Series	Year of Issue	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2017
					Outstanding July 01, 2016	Additions	Deductions	
1996 GOB Series B	1997	8/1/2022	4.65-5.48%	\$ 6,784,646	\$ 2,779,932	\$ -	\$ 298,132	\$ 2,481,800
1996 GOB Series C	1999	2/1/2024	4.3-5.53%	6,499,471	4,126,208	-	268,172	3,858,036
1996 GOB Series D	2000	2/1/2025	5.11-6.28%	5,298,641	3,876,190	-	176,194	3,699,996
2006 GOB Refunding	2006	9/1/2016	3.5-5.25%	16,239,685	1,620,000	-	1,620,000	-
2010 GOB Refunding	2020	9/1/2019	4.0-5.0%	2,645,000	820,000	-	200,000	620,000
2012 GOB Refunding	2011	8/1/2021	0.751%-2.973%	10,880,000	8,575,000	-	1,240,000	7,335,000
2012 GOB Series A	2013	9/1/2040	3.02-4.0%	50,000,000	41,475,000	-	-	41,475,000
2015 GOB Refunding	2016	7/1/2024	2.0-5.0%	4,895,000	4,895,000	-	520,000	4,375,000
2012 GOB Series B	2016	9/1/2042	2.0-5.0%	148,000,000	148,000,000	-	-	148,000,000
2016 GOB Refunding	2016	9/1/2021	4.0-5.0%	10,115,000	10,115,000	-	-	10,115,000
					\$ 226,282,330	\$ -	\$ 4,322,498	\$ 221,959,832

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

B. General Obligation Bonds (continued)

The annual requirements to amortize the District’s general obligation bonds as of June 30, 2017 were as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 8,486,663	\$ 9,212,045	\$ 17,698,708
2019	9,708,168	9,151,107	18,859,275
2020	5,337,448	9,121,227	14,458,675
2021	5,917,500	9,155,039	15,072,539
2022	6,334,795	9,181,077	15,515,872
2023 - 2027	19,425,258	50,911,186	70,336,444
2028 - 2032	28,190,000	28,338,469	56,528,469
2033 - 2037	50,015,000	21,432,422	71,447,422
2038 - 2042	80,245,000	9,903,175	90,148,175
2043	8,300,000	166,000	8,466,000
Total	\$ 221,959,832	\$ 156,571,747	\$ 378,531,579

*Principal balance does not include accreted interest of \$17,034,934 at June 30, 2017.

C. Certificates of Participation

On October 25, 2016, the District issued certificates of participation in the amount of \$35,840,000 with interest rates ranging from 2.0 to 5.0 percent. At June 30, 2017, the principal balance outstanding was \$34,020,000.

The annual requirements to amortize the District’s certificates of participation as of June 30, 2017 were as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 1,170,000	\$ 1,470,556	\$ 2,640,556
2019	1,205,000	1,435,456	2,640,456
2020	1,255,000	1,387,256	2,642,256
2021	1,305,000	1,337,056	2,642,056
2022	1,370,000	1,271,806	2,641,806
2023 - 2027	7,950,000	5,260,281	13,210,281
2028 - 2032	10,085,000	3,126,331	13,211,331
2033 - 2036	9,680,000	897,225	10,577,225
Total	\$ 34,020,000	\$ 16,185,967	\$ 50,205,967

D. Net Pension Liability

The District’s beginning net pension liability was \$43,469,326 and increased by \$9,877,292 during the year ended June 30, 2017. The ending net pension liability at June 30, 2017 was \$53,346,618. See Note 11 for additional information regarding the net pension liability.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2017:

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable							
Revolving cash	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000
Stores inventory	5,020	-	-	-	-	88,116	93,136
Prepaid expenditures	103,195	-	-	-	-	-	103,195
Total non-spendable	116,215	-	-	-	-	88,116	204,331
Restricted							
Educational programs	2,795,742	-	-	-	-	13,161	2,808,903
Capital projects	-	136,761,704	-	41,778,361	-	-	178,540,065
Debt service	-	-	-	-	20,281,317	-	20,281,317
All others	-	-	-	-	-	1	1
Total restricted	2,795,742	136,761,704	-	41,778,361	20,281,317	13,162	201,630,286
Assigned							
Post-employment benefits	5,078,354	-	-	-	-	-	5,078,354
Total assigned	5,078,354	-	-	-	-	-	5,078,354
Unassigned							
Remaining unassigned	22,217,448	-	-	-	-	-	22,217,448
Total unassigned	22,217,448	-	-	-	-	-	22,217,448
Total	\$ 30,207,759	\$ 136,761,704	\$ -	\$ 41,778,361	\$ 20,281,317	\$ 101,278	\$ 229,130,419

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Contribution Information

The District contributes toward post-retirement benefits for employees who retire after age 55 with at least 10 years of service. The District will pay the full monthly premiums for medical, dental and vision coverage, for the retired employee and eligible dependents, subject to limits as described below. Coverage under this program is available to CSEA, CTA and NEA members, as well as Confidential, Supervisory, Classified Management and Certificated Administrators.

The District payment is pro-rated for employees who were at least 50%, but less than 100%, FTE at the time of retirement. Payments continue for a maximum of 5 years, or until age 65 (eligibility for Medicare/Medical) or death, whichever is first. After this benefit period has expired, the retiree may continue coverage by paying the full premiums. No benefits are paid to surviving spouses or other beneficiaries after the death of the retired employee.

For certificated employees: No benefits are paid if hired after 12-6-2010. If retired before 6-18-2010, the maximum benefit is the lowest-cost family HMO. If retired between 6-18-2010 and 12-6-2010, the maximum benefit payable is the two-party HMO rate. If retired between 12-7-2010 and 12-31- 2011, the maximum annual benefit is \$6,971 medical (\$13,688 for two-party), \$702 dental (\$1,279 for two-party) and \$127 vision (\$266 for two-party). If retired after 2011, the maximum benefit is 95% of the one-party rate, or 90% of the two-party rate.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

A. Plan Description and Contribution Information (continued)

For classified employees: No benefits are paid if hired after 1-31-2010. If retired before 2-1-2010, the maximum benefit is the lowest-cost family HMO. If retired between 2-1-2010 and 1-9-2011, the maximum benefit payable is the two-party HMO rate. If retired between 1-10-2011 and 12-31-2012, the maximum annual benefit is 95% of the lowest one-party or two-party rate. If retired after 2012, the maximum benefit is 95% of the one-party rate, or 90% of the two-party rate.

For management employees: No benefits are paid if hired after 1-20-2011. If retired before 4-1- 2010, the maximum benefit is the lowest-cost family HMO. If retired between 4-1-2010 and 12-31- 2011, the maximum benefit payable is the two-party HMO rate. If retired after 2011, the maximum annual benefit is 95% of the one-party rate, or 90% of the two-party rate.

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	21
Active plan members	301
Total*	<u>322</u>

Number of participating employers	1
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*As of July 1, 2015 actuarial study

B. Funding Policy

The District’s contribution is currently based on a project pay-as-you-go funding method, that is, benefits are payable when due.

As of June 30, 2017, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 907,903
Interest on net OPEB obligation	289,559
Adjustment to annual required contribution	<u>(418,631)</u>
Annual OPEB cost (expense)	778,831
Contributions made	<u>(309,395)</u>
Increase (decrease) in net OPEB obligation	469,436
Net OPEB obligation, beginning of the year	<u>7,238,967</u>
Net OPEB obligation, end of the year	<u>\$ 7,708,403</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2017 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2017	\$ 778,831	40%	\$ 7,708,403
2016	\$ 787,741	37%	\$ 7,238,967
2015	\$ 1,346,092	22%	\$ 6,739,255

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2015	\$ -	\$ 6,960,387	\$ 6,960,387	0%	\$ 31,280,413	22%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, 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.

E. Actuarial Methods and Assumptions

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

In the July 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 4.00 percent per year and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after four years. The amortization method used was 30-year level dollar with an open period. The remaining amortization period at June 30, 2017 was 28 years. The discount rate is the interest rate at which future benefit obligations are discounted back to the present time. GASB 45 requires that the discount rate reflect the expected investment return on the District’s investments.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 37,098,758	\$ 9,731,358	\$ 1,679,447	\$ 4,168,275
PERS Pension	16,247,860	6,105,212	488,151	2,690,995
Total	<u>\$ 53,346,618</u>	<u>\$ 15,836,570</u>	<u>\$ 2,167,598</u>	<u>\$ 6,859,270</u>

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits provided

The CalSTRS defined benefit plan 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

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.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Benefits provided (continued)

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.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2017, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$3,225,298 for the year ended June 30, 2017.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,396,351 to CalSTRS.

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

At June 30, 2017, 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	\$ 37,098,758
State's proportionate share of the net pension liability associated with the District	21,122,770
Total	<u>\$ 58,221,528</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District’s proportion was 0.046 percent, which was a decrease of 0.00124 percent from its proportion measured as of June 30, 2015.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2017, the District recognized pension expense of \$4,168,275. In addition, the District recognized pension expense and revenue of \$3,768,792 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 2,949,333	\$ -
Differences between expected and actual experience	-	904,982
Changes in proportion and differences between District contributions and proportionate share of contributions	3,556,727	774,465
District contributions subsequent to the measurement date	3,225,298	-
	<u>\$ 9,731,358</u>	<u>\$ 1,679,447</u>

The \$3,225,298 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 775,691	\$ 294,242
2019	775,691	294,242
2020	2,425,804	294,242
2021	1,817,531	294,242
2022	711,343	294,242
2023	-	208,237
	<u>\$ 6,506,060</u>	<u>\$ 1,679,447</u>

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield*	7.60%
Wage Inflation	3.75%

* Net of investment expenses, but gross of administrative expenses.

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

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 (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary’s (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally 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 20-year geometric real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Private Equity	13%	9.30%
Real Estate	13%	5.20%
Inflation Sensitive	4%	3.80%
Fixed Income	12%	0.30%
Absolute Return	9%	2.90%
Cash/Liquidity	2%	-1.00%
	100%	

* 20-year geometric average

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

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 increases per AB 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 Plan’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	\$ 53,393,479	\$ 37,098,758	\$ 23,565,309

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits provided

The benefits for the defined benefit plan 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 of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2017 was 13.888% of annual payroll. Contributions to the plan from the District were \$1,646,687 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$16,247,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.082 percent, which was an increase of 0.00254 percent from its proportion measured as of June 30, 2015.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2017, the District recognized pension expense of \$2,690,995. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 2,521,145	\$ -
Differences between expected and actual experience	698,814	-
Changes in assumptions	-	488,151
Changes in proportion and differences between District contributions and proportionate share of contributions	1,238,566	-
District contributions subsequent to the measurement date	1,646,687	-
	<u>\$ 6,105,212</u>	<u>\$ 488,151</u>

The \$1,646,687 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 1,276,232	\$ 256,922
2019	1,202,415	231,229
2020	1,321,882	-
2021	657,996	-
	<u>\$ 4,458,525</u>	<u>\$ 488,151</u>

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield*	7.65%
Wage Inflation	Varies by Entry Age and Service

* Net of investment expenses, but gross of administrative expenses.

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. 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 funds’ 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 for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	51%	5.25%	5.71%
Global Debt Securities	20%	0.99%	2.43%
Inflation Assets	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
	100%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

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 Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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	\$ 24,241,897	\$ 16,247,860	\$ 9,591,250

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

C. Construction Commitments

As of June 30, 2017, the District had commitments with respect to unfinished capital projects of \$71,855,417.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Santa Clara County School District Insurance Group and the South Bay Area Schools Insurance Authority. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2017, the deferred amount on refunding was \$3,902,959.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 45,704,317	\$ 48,129,501	\$ 48,498,975	\$ 369,474
Federal sources	1,929,020	2,314,668	2,482,960	168,292
Other state sources	4,176,615	4,581,963	4,263,187	(318,776)
Other local sources	10,767,640	11,266,591	11,436,472	169,881
Total Revenues	62,577,592	66,292,723	66,681,594	388,871
EXPENDITURES				
Certificated salaries	25,690,440	26,687,892	26,273,405	414,487
Classified salaries	10,291,114	10,729,884	10,874,346	(144,462)
Employee benefits	14,269,929	14,313,801	13,846,900	466,901
Books and supplies	4,142,427	5,437,133	4,131,271	1,305,862
Services and other operating expenditures	9,437,309	10,964,010	10,880,706	83,304
Capital outlay	623,163	125,000	164,935	(39,935)
Other outgo				
Transfers of indirect costs	(27,877)	(27,877)	(17,964)	(9,913)
Total Expenditures	64,426,505	68,229,843	66,153,599	2,076,244
Excess (Deficiency) of Revenues Over Expenditures	(1,848,913)	(1,937,120)	527,995	2,465,115
Other Financing Sources (Uses)				
Transfers in	-	-	44,546	44,546
Transfers out	(614,444)	(486,877)	(407,192)	79,685
Net Financing Sources (Uses)	(614,444)	(486,877)	(362,646)	124,231
NET CHANGE IN FUND BALANCE	(2,463,357)	(2,423,997)	165,349	2,589,346
Fund Balance - Beginning	24,893,591	24,893,591	24,964,056	70,465
Fund Balance - Ending	\$ 22,430,234	\$ 22,469,594	\$ 25,129,405	\$ 2,659,811

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2017**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2015	\$ -	\$ 6,960,387	\$ 6,960,387	0%	\$ 31,280,413	22%
July 1, 2012	\$ -	\$ 9,518,310	\$ 9,518,310	0%	\$ 26,937,114	35%
July 1, 2010	\$ -	\$ 9,099,655	\$ 9,099,655	0%	\$ 24,457,598	37%

See accompanying note to required supplementary information.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
- CALSTRS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.046%	0.047%	0.044%
District's proportionate share of the net pension liability	\$ 37,098,758	\$ 31,718,119	\$ 24,078,216
State's proportionate share of the net pension liability associated with the District	21,122,770	16,775,344	15,691,855
Total	<u>\$ 58,221,528</u>	<u>\$ 48,493,463</u>	<u>\$ 39,770,071</u>
District's covered payroll	\$ 25,944,406	\$ 23,030,716	\$ 12,093,840
District's proportionate share of the net pension liability as a percentage of its covered payroll	143.0%	137.7%	199.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	74.0%	76.5%

See accompanying note to required supplementary information.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
- CALPERS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.082%	0.080%	0.072%
District's proportionate share of the net pension liability	\$ 16,247,860	\$ 11,751,207	\$ 8,116,991
District's covered payroll	\$ 11,839,285	\$ 9,871,396	\$ 7,453,056
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.2%	119.0%	108.9%
Plan fiduciary net position as a percentage of the total pension liability	73.9%	79.4%	83.4%

See accompanying note to required supplementary information.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 3,225,298	\$ 2,461,735	\$ 3,011,827
Contributions in relation to the contractually required contribution*	(3,225,298)	(2,461,735)	(3,011,827)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,944,406	\$ 23,030,716	\$ 12,093,840
Contributions as a percentage of covered payroll	12.43%	10.69%	24.90%

*Amounts do not include on behalf contributions

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,646,687	\$ 1,169,814	\$ 1,038,983
Contributions in relation to the contractually required contribution	(1,646,687)	(1,169,814)	(1,038,983)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,839,285	\$ 9,871,396	\$ 7,453,056
Contributions as a percentage of covered payroll	13.91%	11.85%	13.94%

See accompanying note to required supplementary information.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-payroll.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2017

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2017, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 10,729,884	\$ 10,874,346	\$ 144,462
Capital outlay	\$ 125,000	\$ 164,935	\$ 39,935

**SUPPLEMENTARY
INFORMATION**

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 583,302
Title II, Part A, Teacher Quality	84.367	14341	193,927
Title III			
Title III, English Learner Student Program	84.365	14346	290,271
Title III, Immigrant Education Program	84.365	15146	47,344
Subtotal Title III			<u>337,615</u>
Title VIII, Impact Aid	84.041	10015	88,771
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	848,201
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	6,813
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	49,696
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	60,932
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	13682	197,047
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,030
Subtotal Special Education Cluster			<u>1,163,719</u>
Total U. S. Department of Education			<u>2,367,334</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	371,168
National School Lunch Program	10.555	13391	860,001
USDA Commodities	10.555	*	114,947
Meal Supplements	10.555	*	35,501
Subtotal Child Nutrition Cluster			<u>1,381,617</u>
CACFP Claims - Centers and Family Day Care	10.558	13393	122,871
Total U. S. Department of Agriculture			<u>1,504,488</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Head Start	93.600	10016	300,757
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	26,828
Total U. S. Department of Health & Human Services			<u>327,585</u>
Total Federal Expenditures			<u>\$ 4,199,407</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2017**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	2,350.82	2,350.26
Extended Year Special Education	1.79	1.79
Special Education - Nonpublic Schools	1.79	2.36
Total TK/K through Third	2,354.40	2,354.41
Fourth through Sixth		
Regular ADA	1,620.99	1,619.11
Extended Year Special Education	2.08	2.08
Special Education - Nonpublic Schools	1.92	1.96
Extended Year Special Education - Nonpublic Schools	0.20	0.20
Total Fourth through Sixth	1,625.19	1,623.35
Seventh through Eighth		
Regular ADA	961.01	961.21
Extended Year Special Education	0.48	0.48
Special Education - Nonpublic Schools	1.84	1.66
Extended Year Special Education - Nonpublic Schools	0.48	0.48
Total Seventh through Eighth	963.81	963.83
TOTAL SCHOOL DISTRICT	4,943.40	4,941.59

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2017**

Grade Level	Minutes Requirement	2016-17 Actual Minutes	Number of Days	Status
Kindergarten	36,000	48,950	180	Complied
Grade 1	50,400	53,995	180	Complied
Grade 2	50,400	53,995	180	Complied
Grade 3	50,400	53,995	180	Complied
Grade 4	54,000	54,660	180	Complied
Grade 5	54,000	54,660	180	Complied
Grade 6	54,000	60,907	180	Complied
Grade 7	54,000	60,907	180	Complied
Grade 8	54,000	60,907	180	Complied

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

	2018 (Budget)	2017	2016	2015***
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 66,641,072	\$ 66,726,140	\$ 61,930,255	\$ 54,817,911
Expenditures And Other Financing Uses	69,607,311	66,560,791	64,434,236	52,104,046
Net change in Fund Balance	\$ (2,966,239)	\$ 165,349	\$ (2,503,981)	\$ 2,713,865
Ending Fund Balance	\$ 22,163,166	\$ 25,129,405	\$ 24,893,591	\$ 32,510,297
Available Reserves*	\$ 20,780,421	\$ 22,217,448	\$ 21,880,204	\$ 17,686,223
Available Reserves As A Percentage Of Outgo	29.85%	33.38%	33.96%	33.94%
Long-term Debt	\$ 342,816,683	\$ 354,820,122	\$ 310,811,944	\$ 141,505,136
Average Daily Attendance At P-2	5,050	4,943	4,923	4,887

The General Fund balance has decreased by \$7,380,892 over the past two years. The fiscal year 2017-18 budget projects a further decrease of \$2,966,239. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2017-18 fiscal year. Total long term obligations have increased by \$213,314,986 over the past two years.

Average daily attendance has increased by 56 ADA over the past two years. An increase of 107 ADA is anticipated during the 2017-18 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

** Actual amounts reported in this schedule for 2016 and 2017 are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

*** 2015 amounts presented on this schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2017, annual financial and budget report fund balance	\$ 25,129,405	\$ 5,078,354
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	5,078,354	(5,078,354)
Net adjustments and reclassifications	5,078,354	(5,078,354)
June 30, 2017, audited financial statement fund balance	\$ 30,207,759	\$ -

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 JUNE 30, 2017

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Non-Major Governmental Funds
ASSETS				
Cash and investments	\$ 38,093	\$ 328,870	\$ -	\$ 366,963
Accounts receivable	199,457	38,743	-	238,200
Due from other funds	52,370	197,682	-	250,052
Stores inventory	-	88,116	-	88,116
Total Assets	\$ 289,920	\$ 653,411	\$ -	\$ 943,331
LIABILITIES				
Accrued liabilities	\$ 138,882	\$ 64,584	\$ -	\$ 203,466
Due to other funds	22,523	500,710	-	523,233
Unearned revenue	115,354	-	-	115,354
Total Liabilities	276,759	565,294	-	842,053
FUND BALANCES				
Non-spendable	-	88,116	-	88,116
Restricted	13,161	1	-	13,162
Total Fund Balances	13,161	88,117	-	101,278
Total Liabilities and Fund Balance	\$ 289,920	\$ 653,411	\$ -	\$ 943,331

See accompanying note to supplementary information.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Non-Major Governmental Funds
REVENUES				
Federal sources	\$ 300,757	\$ 1,504,488	\$ -	\$ 1,805,245
Other state sources	598,075	99,185	-	697,260
Other local sources	7,186	518,955	3,123	529,264
Total Revenues	906,018	2,122,628	3,123	3,031,769
EXPENDITURES				
Current				
Instruction	822,833	-	-	822,833
Instruction-related services				
Instructional supervision and administration	295	-	-	295
School site administration	281,983	-	-	281,983
Pupil services				
Food services	-	2,270,968	-	2,270,968
General administration				
All other general administration	17,964	-	-	17,964
Facilities acquisition and maintenance	-	-	1,000,000	1,000,000
Total Expenditures	1,123,075	2,270,968	1,000,000	4,394,043
Excess (Deficiency) of Revenues				
Over Expenditures	(217,057)	(148,340)	(996,877)	(1,362,274)
Other Financing Sources (Uses)				
Transfers in	217,370	189,822	-	407,192
Transfers out	-	-	(44,546)	(44,546)
Net Financing Sources (Uses)	217,370	189,822	(44,546)	362,646
NET CHANGE IN FUND BALANCE	313	41,482	(1,041,423)	(999,628)
Fund Balance - Beginning	12,848	46,635	1,041,423	1,100,906
Fund Balance - Ending	\$ 13,161	\$ 88,117	\$ -	\$ 101,278

See accompanying note to supplementary information.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2017**

The Mountain View Whisman School District services over 70,000 residents and over 5,000 students. The District is located at the southern tip of the San Francisco Bay and is comprised of eight elementary and two middle schools. There were no changes in boundaries during the last fiscal year.

GOVERNING BOARD

Member	Office	Term Expires
José Gutiérrez, Jr.	President	2020
Greg Coladonato	Vice President	2018
Laura Blakely	Clerk	2020
Ellen Wheeler	Member	2018
Tamara Wilson	Member	2020

DISTRICT ADMINISTRATORS

Dr. Ayiné Rudolph

Superintendent

Dr. Robert Clark

Associate Superintendent/Chief Business Officer

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 JUNE 30, 2017**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2017 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2017.

	CFDA	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 4,288,205
Medi-Cal Billing Option	93.778	<u>(88,798)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 4,199,407</u>

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections 46200 through 46208*. During the year ended June 30, 2017, the District participated in the Longer Day incentive funding program. As of June 30, 2017, the District had not yet met its target funding.

Schedule of Financial Trends and Analysis

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2017**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO

LOS ANGELES

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*Licensed by the California
State Board of Accountancy*

Governing Board
Mountain View Whisman School District
Mountain View, 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 Mountain View Whisman School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mountain View Whisman School District's basic financial statements, and have issued our report thereon dated December 4, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2017-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountain View Whisman 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*.

Mountain View Whisman School District's Response to Findings

Mountain View Whisman School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mountain View Whisman School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



San Diego, California
December 4, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board

Mountain View Whisman School District

Mountain View, California

Report on Compliance for Each Major Federal Program

We have audited Mountain View Whisman 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 Mountain View Whisman School District's major federal programs for the year ended June 30, 2017. Mountain View Whisman School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mountain View Whisman School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Mountain View Whisman 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 Mountain View Whisman School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Mountain View Whisman 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, 2017.

Report on Internal Control Over Compliance

Management of Mountain View Whisman 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 Mountain View Whisman 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 Mountain View Whisman 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.



San Diego, California
December 4, 2017

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Mountain View Whisman School District
Mountain View, California

Report on State Compliance

We have audited Mountain View Whisman School District's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Mountain View Whisman School District's state programs for the fiscal year ended June 30, 2017, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mountain View Whisman School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Mountain View Whisman 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 the requirements referred to above. However, our audit does not provide a legal determination of Mountain View Whisman School District's compliance with those requirements.

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Opinion on State Compliance

In our opinion, Mountain View Whisman School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as item #2017-002. Our opinion on state compliance is not modified with respect to this matter.

Mountain View Whisman School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Mountain View Whisman School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	No

PROGRAM NAME	PROCEDURES PERFORMED
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study, because the P-2 ADA was below the threshold required for testing. We did not perform testing for California Clean Energy Job Act, because the District did not incur any expenditures for the year ended June 30, 2017.

Christy White Associates

San Diego, California
December 4, 2017

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

FINDING #2017-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

Condition: Through our testing of the school site ASB account at Crittenden Middle School, we noted the following internal control deficiencies:

Crittenden Middle School

- Two out of five cash deposits had insufficient supporting documentation to reconcile amounts collected from event proceeds to the amount deposited.

Cause: Insufficient controls over student body activities.

Effect: The potential for irregularities in accounting to go undetected.

Perspective: Testing was performed at Crittenden Middle School.

Recommendation: We recommend that the District provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

District Response: The District provided the FCMAT ASB Accounting Manual and Desk Reference when we conducted an ASB best practices training to both middle schools in August 2016. The goal was to ensure both middle schools follow best practices in ASB accounting procedures. With the 2017-001 finding, the District staff will meet with Crittenden staff members to review that current practices at Crittenden and ASB best practices are congruent.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings and questioned costs for the year ended June 30, 2017.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2017-002: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, an elementary school district should expend a minimum of 60% of the District’s current expenses of education towards salaries of classroom teachers.

Condition: In the 2016-17 fiscal year, the District did not meet the minimum percentage requirement.

Cause: The District had trouble making the required percentage due to contracted services.

Perspective/Context: The minimum percentage required by the State of California is 60% for an elementary school district. The District only spent 57.49% on classroom teacher salaries in the 2016-17 fiscal year.

Effect: The District’s current expense of education for the year audited June 30, 2017 was \$61,521,481 and the total salaries and benefits for classroom teachers was \$35,368,999. The District was below the minimum required percentage of 60% by 2.51% which calculates out to a deficiency of \$1,544,189.

Questioned Costs: The questioned costs are the deficiency of \$1,544,189.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 60% minimum requirement and to be in compliance with Education Code section 41372.

District Response: The 2016-2017 year expenditure in Object 5830 Contracted Services was \$8,088,958. Our district has had a significant challenge finding staff to provide certain services for our students. Therefore, we have had to contract out for those services. For 2017-2018, all departments are reviewing current expenditures and looking for ways to reduce those contracted services expenses to achieve the 60% threshold while still providing a quality program for our students.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-1: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

Condition: Through our testing of the school site ASB account at Graham Middle School, we noted the following internal control deficiencies:

Graham Middle School

- The ASB Bookkeeper is a signor on the account; however, it requires two signatures: Principal and bookkeeper. We recommend that if possible, the ASB Bookkeeper be removed as an authorized signor.
- It appears that large reimbursement amounts were written to employees who purchase items on behalf of the ASB, spanning several months. All amounts traced to invoices or receipts and appeared to be adequate uses of ASB Funds. We recommend that reimbursements to employees who purchase items on behalf of the ASB occur at a minimum on a monthly basis.
- Three (3) out of five cash deposits had insufficient supporting documentation to substantiate funds deposited (sales sheet, count sheet, etc.).

Cause: Insufficient controls over student body activities.

Effect: The potential for irregularities in accounting to go undetected.

Perspective: Testing was performed at Graham Middle School.

Recommendation: We recommend that the District provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

District Response: As the 2016-2017 school year began, Graham Middle School had taken steps to appoint a new second signer of the ASB account. Also, the site was informed to submit reimbursements on a monthly basis, or sooner if possible.

Current Status: Implemented.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-2: DISTRICT CREDIT CARDS (30000)

Criteria: The District should maintain and enforce credit card policies that contain procedures for proper approvals and uses.

Condition: The policies currently in place regarding the usage of District credit cards are not ensuring that supervisors are reviewing purchases and that adequate supporting documentation is maintained to support purchases.

Cause: Policies in place are not adequately designed or implemented.

Effect: There is a risk of fraud and abuse of District funds through unauthorized credit card purchases.

Perspective: Testing of controls over credit card transactions from various cardholders in the District.

Recommendations: We recommend that the District implement and follow policies and procedures regarding the usage of District credit cards.

District Response: Over many months prior to the 2015-2016 audit process, District staff coordinated with the Department of General Services to arrange and start using the CalCard credit card in 2016-2017. The CalCard credit card is formatted in such a way to help promote better procedural controls of credit card use. The new credit card system implementation for 2016-2017 has two major changes:

- 1) The District reduced the number of credit cards in the District from eight to five; and,
- 2) Each purchase requires two authorized signers for each statement, and includes both the Superintendent and the Chief Business Officer signatures on all statements.

Current Status: Implemented.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-3: AFTER SCHOOL EDUCATION & SAFETY (ASES) PROGRAM (40000)

Criteria: Education Code Section 8482.3 states that after school programs participating in the ASES program are required to submit student outcome data to the California Department of Education which includes measurable student outcomes including attendance. As a result, ASES 2015-16 1st Half After School Base Attendance Report (covering the period of August to December 2015) was reviewed along with supporting documentation for each school site in order to determine whether the reported number of students served is supported by written records maintained.

Condition: Attendance reported for Mariano Castro Elementary School did not reconcile to supporting excel attendance counts. The attendance reported for Mariano Castro Elementary School on the 1st Half Base Grant Attendance Report submitted to CDE was 3,641 while the supporting excel attendance count showed 3,413 attendance days.

Cause: Reporting errors.

Effect: Errors were made calculating number of students served. For the attendance report submitted to the CDE for the 1st Half: After School Base, the District reported a total number of 19,745 students. As a result of our audit procedures, the adjusted amount for the 1st Half: After School Base should be decreased to a total of 19,517 students served. The District has submitted a revised report with the correct number of students served.

Context: An overstatement of 228 students served for the ASES 2015-16 1st Half Base period was noted.

Questioned Costs: None. The ASES program funding is not affected as long as the pupil participation level is maintained at 85% of the projected attendance or greater. Since the finding noted a net over reporting of 228 student days of attendance, program attendance did not fall below 85% of the projected attendance; therefore, there is no questioned cost.

Recommendation: We recommend the District implement a process to accurately calculate the attendance of the After School Education & Safety (ASES) Program for reporting purposed to the California Department of Education.

District Response: The District met and discussed the finding with the ASES program Supervisor. The Supervisor, in turn, has met with ASES staff and Technology staff to reinforce the correct attendance procedures and will monitor attendance reports regularly.

Current Status: Implemented.