MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

COUNTY OF SANTA CLARA
MOUNTAIN VIEW, CALIFORNIA

AUDIT REPORT

JUNE 30, 2015

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

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MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SANTA CLARA COUNTY

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
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 Mountain View Whisman School District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mountain View Whisman School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Mountain View Whisman School District 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the California Code of Regulations, Title 5, Section 19810 and following. 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.

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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, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of CalPERS pension contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension contributions, schedule of STRS proportionate share of net pension liability and schedule of funding progress for the retiree healthcare plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountain View Whisman School District's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,* and the other information listed in the supplementary section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,* and the other information listed in the supplementary section of the table of contents are the responsibility of management and were 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

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procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,* and the other information listed in the supplementary section of the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

New Accounting Principles

As discussed in Notes 2 and 6 to the financial statements, the Agency adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* effective June 30, 2015 and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2015 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 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.

C & A LLP

September 23, 2015
San Jose, California

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Management's Discussion and Analysis

The Management's Discussion and Analysis ("MDA") of Mountain View Whisman School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of the MDA is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2015 were as follows:

- Total net position, including capital asset and long-term liabilities, decreased by $32,128,937 or 70% from June 30, 2014 to June 30, 2015.

- Total revenue in the government-wide financial statements includes both general and program revenues. General revenues accounted for $55,079,955 which is 81% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for $12,905,160 or 19% of total revenues of $67,985,115.

- Direct program revenues of $12,905,160 supported 21% of the Districts $60,129,844 in program expenses. The remaining 79% was funded by general revenues.

- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Fund) decreased by $17,280,471 or 19% from June 30, 2014 to June 30, 2015. This is mostly attributed to capital projects and related expenditures in the Building Fund of $18,365,947.

- Among major funds, the General Fund had $54,817,911 in revenues and $52,044,563 in expenditures. The General Fund's fund balance increased by $2,713,865 from June 30, 2014 to June 30, 2015.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

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

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-Wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2014 - 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The district is the trustee, or fiduciary, for student body funds and a foundation trust fund. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the district's fund and government-wide financial statements because the district cannot use these assets to finance its operations.

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2015 as compared to June 30, 2014:

Table 1 - Summary of Net Position

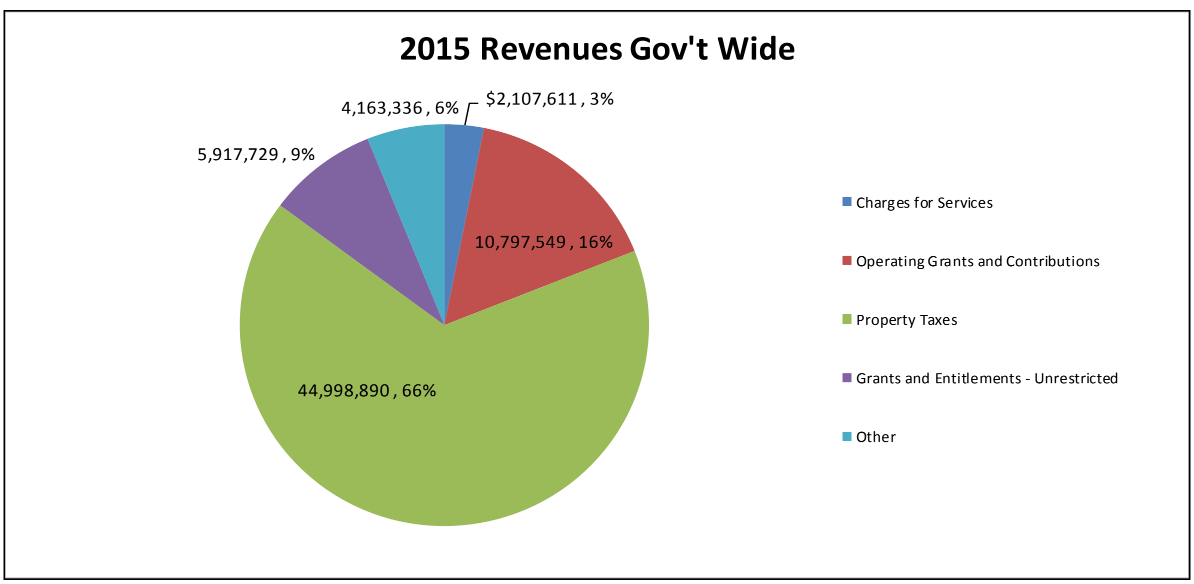
	2015	2014	Increase (Decrease)	Percent
Assets				
Current Assets	$ 79,251,246	$ 94,118,792	$ (14,867,546)	-15.8%
Capital Assets	63,350,254	47,343,064	16,007,190	33.8%
Total Assets	142,601,500	141,461,856	1,139,644	0.8%
Deferred Outflows of Resources	9,356,234	6,045,158	3,311,076	55%
Liabilities				
Current and Other Liabilities	4,481,738	2,208,407	2,273,331	102.9%
Long-Term Liabilities	125,393,475	99,510,566	25,882,909	26.0%
Total Liabilities	129,875,213	101,718,973	28,156,240	27.7%
Deferred Inflows of Resources	8,423,417	-	8,423,417	100%
Net Position				
Net Investment in Capital Assets	14,361,321	7,740,662	6,620,659	85.5%
Restricted	19,921,933	24,271,702	(4,349,769)	-17.9%
Unrestricted	(20,624,150)	13,775,677	(34,399,827)	-249.7%
Total Net Position	$ 13,659,104	$ 45,788,041	$ (32,128,937)	-70.2%

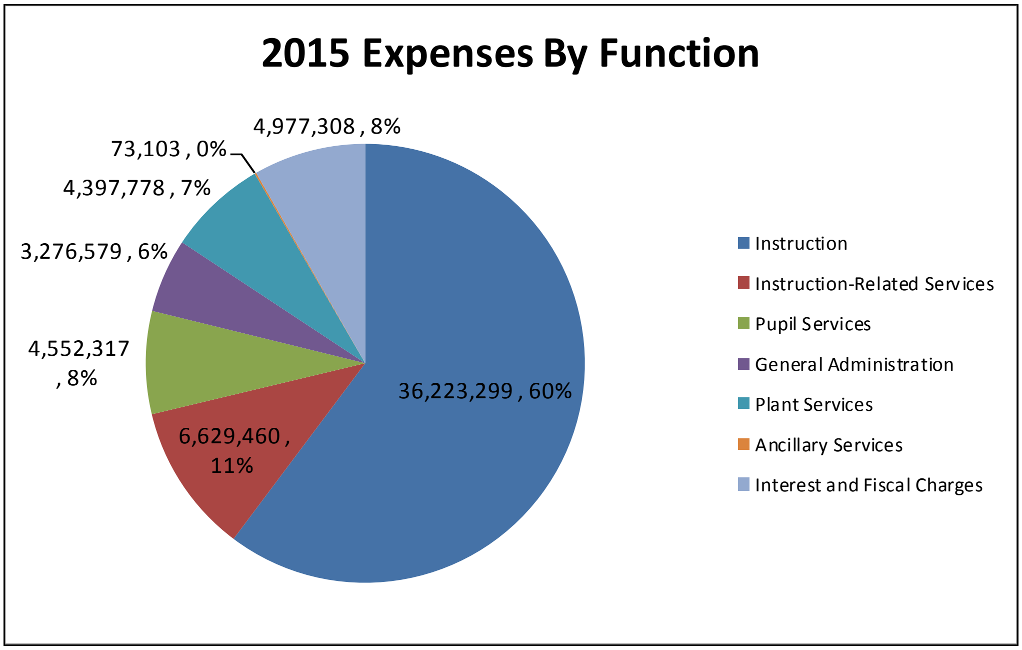
During the year, deferred outflows of resources increased by 55%, deferred inflows of resources increased by 100%, long-term liabilities increased by 26% and net position decreased by 70% because of the implementation of GASB 68 which requires all local governments to record its proportionate share of net pension liabilities from pension plans in the government-wide financial statements. The District reduced beginning net position by $39,984,208 (see Table 2) to account for its proportionate share of the PERS and STRS net pension liabilities as of June 30, 2015. There was no impact on fund balance as a result of GASB 68. See note 10 for additional information.

Table 2 shows the changes in net position from fiscal year 2014 to 2015.

Table 2 - Change in Net Position				
	2015	2014	Increase (Decrease)	Percent
Revenues				
Program Revenues:				
Charges for Services	$ 2,107,611	$ 2,207,797	$ (100,186)	-4.5%
Operating Grants and Contributions	10,797,549	11,943,866	(1,146,317)	-9.6%
General Revenues:				
Taxes levied for general purposes	33,688,724	30,837,882	2,850,842	9.2%
Taxes levied for debt service	8,477,322	10,541,675	(2,064,353)	-19.6%
Parcel taxes	2,832,844	2,834,897	(2,053)	-0.1%
Grants and Entitlements - Unrestricted	5,917,729	5,341,210	576,519	10.8%
Other	4,163,336	3,816,845	346,491	9.1%
Total Revenues	67,985,115	67,524,172	460,943	0.7%
Program Expenses				
Instruction	36,223,299	35,151,182	1,072,117	3.1%
Instruction-Related Services	6,629,460	5,855,421	774,039	13.2%
Pupil Services	4,552,317	4,285,125	267,192	6.2%
General Administration	3,276,579	2,745,219	531,360	19.4%
Plant Services	4,397,778	4,826,292	(428,514)	-8.9%
Ancillary Services	73,103	79,358	(6,255)	-7.9%
Interest and Fiscal Charges	4,977,308	5,061,945	(84,637)	-1.7%
Total Expenses	60,129,844	58,004,542	2,125,302	3.7%
Change in Net Position	7,855,271	9,519,630	(1,664,359)	-17.5%
Prior Period Adjustment	(39,984,208)	65,768	-	-60895.8%
Change in Net Position Icluding Restatement	$ (32,128,937)	$ 9,519,630	$ (41,648,567)	-437.5%

Local revenue, consisting primarily of property taxes, parcel taxes and taxes levied for general obligation bonds, comprised 66% of District revenues. Direct instruction costs comprised 60% of District expenses for fiscal year 2015. These percentages are consistent with 2014.





Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services

Function	2015	2014	Increase (Decrease)	Percent
Instruction	$ 26,553,378	$ 24,541,726	$ 2,011,652	8.2%
Instruction-Related Services	5,767,336	5,124,578	642,758	12.5%
Pupil Services	2,444,396	1,850,536	593,860	32.1%
General Administration	3,081,526	2,498,121	583,405	23.4%
Plant Services	4,339,577	4,720,082	(380,505)	-8.1%
Ancillary Services	61,163	55,891	5,272	9.4%
Interest and Fiscal Charges	4,977,308	5,061,945	(84,637)	-1.7%
Total Expenses	$ 47,224,684	$ 43,852,879	$ 3,371,805	7.7%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Ancillary Services includes the operation of non-instructional services including the preparation, delivery, and servicing of lunches, snacks and other incidental meals.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The dependence upon tax and local revenues is apparent, 79% of the District's activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for the District.

The District's Funds

The District's governmental funds report a combined fund balance of $75,640,027, which is a decrease of $17,280,471 from last year's total. Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances

Funds	2015	2014	Increase (Decrease)
General Fund	$ 32,510,297	$ 29,796,432	$ 2,713,865
Child Development Fund	59,449	70,323	(10,874)
Cafeteria Fund	36,547	105,371	(68,824)
Deferred Maintenance Fund	809,538	805,789	3,749
Building Fund	29,794,525	48,160,472	(18,365,947)
Capital Facilities Fund	5,121,202	3,422,822	1,698,380
Bond Interest & Redemption Fund	7,308,469	10,559,289	(3,250,820)
Total Governmental Fund Balances	$ 75,640,027	$ 92,920,498	$ (17,280,471)

General Fund Budgeting Highlights

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of the 2014-15 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim, which resulted in an increase in budgeted expenditures of $1,405,200 from the original to final budget. The overall increase in expenditures is largely due to increases in common core, professional development, intervention, transportation and maintenance.

For the General Fund, the final budget basis revenue and other financing sources estimate was $50,754,146. The original budgeted estimate was $50,154,900. The increase from original to final budget was from changes in the state funding formula and other unexpected local revenues.

Capital Assets

At the end of the fiscal year 2015, the District had $63,350,254 invested in land, buildings, furniture and equipment, and vehicles located at twelve sites within the city of Mountain View.

Table 5 shows June 30, 2015 balances as compared to June 30, 2014.

Table 5 - Summary of Capital Assets Net of Depreciation

	2015			2014	
Capital Asset	Cost	Accumulated Depreciation	Net Capital Asset	Net Capital Asset	Percentage Change
Land	$ 1,341,037	$ -	$ 1,341,037	$ 1,341,037	0%
Buildings and Improvements	110,833,644	56,324,653	54,508,991	42,904,381	27%
Property and Equipment	3,337,116	2,421,839	915,277	489,835	87%
Work-in-Progress	6,584,949	-	6,584,949	2,607,811	153%
Totals	$ 122,096,746	$ 58,746,492	$ 63,350,254	$ 47,343,064	34%

Overall capital assets increased by 34% from fiscal year 2014 to fiscal year 2015 because of $19,057,415 of additions net current depreciation of $3,050,225.

Long Term Debt

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Table 6 - Long-term Debt

Type of Debt	2015	2014	Percentage Change
General obligation bonds	$ 83,774,496	$ 91,034,629	-7.98%
Unamortized bond premiums - net	2,637,110	2,747,031	-4.00%
Net OPEB obligation	6,739,255	5,684,192	18.56%
Net pension liabilities	32,195,207	-	100.00%
Compensated absences	47,407	44,714	6.02%
Total Debt	125,393,475	99,510,566	26.01%
Loss on early retirement of bonds	(5,305,424)	(6,045,158)	-12.24%
Total Debt - Net Early Retirement of Bonds	$ 120,088,051	$ 93,465,408	28.48%

Factors Bearing on the District's Future

With changes in the State school funding model, the District could potentially increase revenue based the Local Control Funding Formula calculation of funding for unduplicated students and the Supplemental Grant. However the new funding model has no statutory funding requirements or cost of living adjustments and fluctuates according to State revenue. With an eight year planned implementation of the LCFF, the State revenue is likely to fluctuate significantly from current projections and could cause an operating deficit for the District. The District's parcel tax, Measure C, is set to expire in June 2017. The current level of funding of the parcel tax **i**s approximately 7.5% of the unrestricted revenues. The District has adequate reserves to fund short term fluctuations and potential necessary reductions, but must maintain significantly higher reserves in order to address potential long term downturns in State revenue and the potential loss of parcel tax revenues.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, contact Business Services at 750-A San Pierre Way, Mountain View, CA 94043.

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Basic Financial Statements

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

		Governmental Activities
Assets		
Current Assets:		
Cash and investments	$	76,955,957
Accounts receivable		2,129,612
Stores inventories		45,659
Prepaid expenses		120,018
Total Current Assets		79,251,246
Noncurrent Assets:		
Land		1,341,037
Work-in-progress		6,584,949
Building and improvements		110,833,644
Equipment		3,337,116
Less accumulated depreciation		(58,746,492)
Total Noncurrent Assets		63,350,254
Total Assets	$	142,601,500
Deferred Outflows of Resources		
Pension plan contributions	$	4,050,810
Deferred loss on early retirement of long-term debt		5,305,424
Total Deferred Outflows of Resources	$	9,356,234
Liabilities		
Current Liabilities:		
Accounts payable	$	3,238,738
Accrued interest		1,243,000
Total Current Liabilities		4,481,738
Long-term Liabilities:		
Due within one year:		
General obligation bonds payable		4,342,161
Total due within one year		4,342,161
Due after one year:		
General obligation bonds payable		79,432,335
Net OPEB obligation		6,739,255
Compensated absences payable		47,407
Net pension liabilities		32,195,207
Unamortized bond premiums - net		2,637,110
Total due after one year		121,051,314
Total long-term Liabilities		125,393,475
Total Liabilities	$	129,875,213
Deferred Inflows of Resources		
Net difference between projected and actual earnings from pension plans	$	8,423,417
Total Deferred Inflows of Resources	$	8,423,417
Net Position		
Net investment in capital assets	$	14,361,321
Restricted for:		
Capital projects		2,798,478
Debt service		7,308,469
Parcel tax obligations		898,178
Educational programs		8,916,808
Total restricted net position		19,921,933
Unrestricted		(20,624,150)
Total Net Position	$	13,659,104

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 36,223,299	$ 1,579,704	$ 8,090,217	$ (26,553,378)
Instruction-related services:				
Supervision of instruction	1,314,360	55	237,377	(1,076,928)
Instruction library, media and technology	1,545,908	51,153	133,225	(1,361,530)
School site administration	3,769,192	2,769	437,545	(3,328,878)
Pupil services:				
Home-to-school transportation	1,107,817	-	-	(1,107,817)
Food services	1,915,629	419,685	1,440,198	(55,746)
All other pupil services	1,528,871	10,904	237,134	(1,280,833)
General administration:				
Data processing	676,506	24,789	63,004	(588,713)
All other general administration	2,600,073	7,166	100,094	(2,492,813)
Plant services	4,397,778	8,387	49,814	(4,339,577)
Ancillary services	73,103	2,999	8,941	(61,163)
Interest on long-term debt	4,977,308	-	-	(4,977,308)
Total governmental activities	$ 60,129,844	$ 2,107,611	$ 10,797,549	(47,224,684)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				33,688,724
Taxes levied for debt service				8,477,322
Taxes levied for other specific purposes (parcel tax)				2,832,844
Federal and state aid not restricted to specific purposes				5,917,729
Interest and investment earnings				304,786
Miscellaneous				3,858,550
Total general revenues and special items				55,079,955
Change in net position				7,855,271
Prior period adjustment - GASB 68				(39,984,208)
Net position beginning				45,788,041
Net position ending				$ 13,659,104

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Child Development Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 31,517,937	$ 94,905	$ 32,117,249	$ 7,302,534	$ 5,923,332	$ 76,955,957
Accounts receivable	1,906,700	129,903	46,090	5,935	40,984	2,129,612
Due from other funds	91,443	-	-	-	59,483	150,926
Stores inventories	9,112	-	-	-	36,547	45,659
Prepaid expenditures	58,443	-	61,575	-	-	120,018
Total Assets	$ 33,583,635	$ 224,808	$ 32,224,914	$ 7,308,469	$ 6,060,346	$ 79,402,172
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts payable	$ 769,465	$ 11,565	$ 2,430,389	$ -	$ 27,319	$ 3,238,738
Due to other funds	59,483	25,703	-	-	65,740	150,926
Total Liabilities	828,948	37,268	2,430,389	-	93,059	3,389,664
Deferred Inflows of Resources						
Unearned revenue	244,390	128,091	-	-	-	372,481
Total Deferred Inflows of Resources	244,390	128,091	-	-	-	372,481
Fund balances:						
Nonspendable:						
Revolving fund	8,000	-	-	-	-	8,000
Stores inventories	9,112	-	-	-	36,547	45,659
Prepaid expenditures	58,443	-	-	-	-	58,443
Restricted for:						
Educational programs	8,857,359	-	-	-	-	8,857,359
Debt service	-	-	-	7,308,469	-	7,308,469
Parcel tax obligations	898,178	-	-	-	-	898,178
Child development programs	-	59,449	-	-	-	59,449
Capital projects	-	-	29,794,525	-	5,121,202	34,915,727
Assigned for:						
Other postemployment benefits	4,992,982	-	-	-	-	4,992,982
Site repairs	-	-	-	-	809,538	809,538
Unassigned:						
Economic uncertainties	1,563,121	-	-	-	-	1,563,121
Unappropriated	16,123,102	-	-	-	-	16,123,102
Total Fund Balances	32,510,297	59,449	29,794,525	7,308,469	5,967,287	75,640,027
Total Liabilities, Deferred Inflows and Fund Balances	$ 33,583,635	$ 224,808	$ 32,224,914	$ 7,308,469	$ 6,060,346	$ 79,402,172

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances - governmental funds		$ 75,640,027
Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $122,096,746 and the accumulated depreciation is $58,746,492.		63,350,254
To recognize accrued interest at year end which is not reported in the governmental funds		(1,243,000)
Contributions made to pension plans will not be included in the calculation of the District's net pension liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources.		4,050,810
The difference between projected and actual earnings from pension plan assets is not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the statement of net position.		(8,423,417)
Amounts due from other governments will not be collected soon enough to pay for current period expenditures and are reported as deferred inflows of resources in governmental funds.		372,481
The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.		5,305,424
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 83,774,496	
Unamortized premiums from bond refunding	2,637,110	
Net pension liabilities	32,195,207	
Net OPEB obligation	6,739,255	
Compensated absences (vacation)	47,407	(125,393,475)
Net position - governmental activities		$ 13,659,104

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Child Development Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
LCFF sources	$ 38,261,607	$ -	$ -	$ -	$ -	$ 38,261,607
Federal	1,524,627	322,193	-	-	1,359,148	3,205,968
Other state	3,241,208	374,892	-	25,132	102,503	3,743,735
Other local	11,790,469	204,575	171,211	8,469,754	2,136,280	22,772,289
Total revenues	54,817,911	901,660	171,211	8,494,886	3,597,931	67,983,599
Expenditures:						
Instruction	35,124,135	572,600	-	-	-	35,696,735
Instruction-related services:						
Supervision of instruction	1,398,321	1,355	-	-	-	1,399,676
Instruction library, media and technology	1,486,079	-	-	-	-	1,486,079
School site administration	3,463,311	283,918	-	-	-	3,747,229
Pupil services:						
Home-to-school transportation	1,147,598	-	-	-	-	1,147,598
Food services	8,584	-	-	-	1,985,787	1,994,371
All other pupil services	1,625,805	-	-	-	-	1,625,805
General administration:						
Data processing	721,406	-	-	-	-	721,406
All other general administration	2,663,735	25,703	-	-	-	2,689,438
Plant services	4,314,270	28,958	-	-	37,933	4,381,161
Ancillary services	73,103	-	-	-	-	73,103
Facility acquisition and construction	18,216	-	18,537,158	-	389	18,555,763
Debt service:						
Principal	-	-	-	7,260,132	-	7,260,132
Interest and other costs	-	-	-	4,485,574	-	4,485,574
Total expenditures	52,044,563	912,534	18,537,158	11,745,706	2,024,109	85,264,070
Excess (deficiency) of revenues over (under) expenditures	2,773,348	(10,874)	(18,365,947)	(3,250,820)	1,573,822	(17,280,471)
Other financing sources (uses):						
Transfers in	-	-	-	-	59,483	59,483
Transfers out	(59,483)	-	-	-	-	(59,483)
Total other financing sources (uses)	(59,483)	-	-	-	59,483	-
Net change in fund balances	2,713,865	(10,874)	(18,365,947)	(3,250,820)	1,633,305	(17,280,471)
Fund balances beginning	29,796,432	70,323	48,160,472	10,559,289	4,333,982	92,920,498
Fund balances ending	$ 32,510,297	$ 59,449	$ 29,794,525	$ 7,308,469	$ 5,967,287	$ 75,640,027

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total net change in fund balances - governmental funds	$ (17,280,471)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities , the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of $19,057,415 was more than depreciation expense of $3,050,225 in the period.	16,007,190
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:	
Repayment of bond principal	7,260,132
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 other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:	109,921
Amounts due from other governments will not be collected soon enough to pay for current period expenditures and are deferred inflows in governmental funds.	(108,405)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	3,416,394
In governmental funds, deferred loss on early retirement of long-term debt is recognized as other finances uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is:	(739,734)
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was more than the amounts used by:	(2,693)
In the statement of activities, the net other postemployment benefits obligation is measured by deducting the amount contributed to the plan from the annual required contribution as actuarially determined. In governmental funds, this obligation is not recorded because it is not paid with current financial resources and only current contributions are expended. The total amount reported as an expense in the statement of activities was $1,346,092 net expenditures of $291,029 reported in the fund statements:	(1,055,063)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	248,000
Changes in net position of governmental activities	$ 7,855,271

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Expendable Trust Fund	Student Body Agency Fund	Total
Assets			
Cash in county treasury	$ 177,574	$ -	$ 177,574
Cash on hand and in banks	-	86,912	86,912
Accounts receivable	265	-	265
Total Assets	$ 177,839	$ 86,912	$ 264,751
Liabilities			
Accounts payable	$ -	$ 86,912	$ 86,912
Total Liabilities	$ -	$ 86,912	$ 86,912
Net Position			
Restricted	177,839	-	177,839
Total Net Position	$ 177,839	$ -	$ 177,839

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expendable Trust Fund
Additions	
Other local	$ 8,204
Deductions	
Services & other operating expenditures	99,042
Changes in net position	(90,838)
Net position beginning	268,677
Net position ending	$ 177,839

The notes to the financial statements are an integral part of this statement

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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).

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2015, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of Net Position and the statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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. For the District, "available" means collectible within the current period or within 60 days after year-end.

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 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.

Deferred Outflows of Resources and Deferred Inflows of Resources:

Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period, such as prepaid items and deferred charges.

Deferred inflows of resources is an acquisition of net assets by the government that is applicable to a future reporting period, such as unearned revenue and advance collections.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from 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.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Child Development Fund* is used to account for resources committed to child development programs maintained by the District.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains two non-major special revenue funds:

- The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service programs.

- The Deferred Maintenance Fund is used for the purpose of major repair or replacement of district property.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains one non-major capital projects fund:

- The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Fiduciary Funds:

Expendable Trust Funds are used to account for donations which have the stipulation that principal be expended for a specific purpose. The following expendable trust fund is utilized:

- The Foundation Trust Fund exists primarily to account for money received from gifts or bequests.

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. Fund balance was more than adequate to cover appropriations in excess of legally adopted budgets in the District's general fund of $848,096 and child development fund of $79,686.

G. Encumbrances

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

H. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and STRS. 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.

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation except for non-interest bearing accounts which are completely insured.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District's central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

3. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of $25,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

4. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded as a deferred inflow to the extent that cash received on specific projects and programs exceeds qualified expenditures.

5. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other 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. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Non-spendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.
- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) and the Special reserve fund for Other Postemployment Benefits (OPEB Fund) with the General Fund. The Special Reserve Fund and the OPEB Fund do not meet the definition of a special revenue fund as defined by GASB 54.

8. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Legally restricted restrictions reflect the amounts to be expended for federal and state funded educational programs.

Unrestricted net position reflect amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

9. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The 2013–14 Budget Act provides $2.1 billion for school districts and charter schools and $32 million for COEs to support the first-year implementation of the LCFF. Until full implementation, however, local educational agencies (LEAs) will receive roughly the same amount of funding they received in 2012–13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

The LCFF includes the following components for school districts and charter schools:

- Provides a base grant for each LEA equivalent to $7,643 per average daily attendance (ADA). The actual base grants would vary based on grade span.

- Provides an adjustment of 10.4 percent on the base grant amount for kindergarten through grade three (K–3). As a condition of receiving these funds, the LEA shall progress toward an average class enrollment of no more than 24 pupils in kindergarten through grade three, unless the LEA has collectively bargained an annual alternative average class enrollment in those grades for each school site.
- Provides an adjustment of 2.6 percent on the base grant amount for grades nine through twelve.
- Provides a supplemental grant equal to 20 percent of the adjusted base grant for targeted disadvantaged students. Targeted students are those classified as English learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, or any combination of these factors (unduplicated count).
- Provides a concentration grant equal to 50 percent of the adjusted base grant for targeted students exceeding 55 percent of an LEA's enrollment.
- Provides for additional funding based on an "economic recovery target" to ensure that virtually all districts are at least restored to their 2007–08 state funding levels (adjusted for inflation) and also guarantees a minimum amount of state aid to LEAs.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other school districts in the County to form the South Bay Area Schools Insurance Authority (SBASIA) and the Santa Clara County Schools Insurance Group (SCCSIG) public entity risk pools currently operating as common risk management and insurance programs. The District pays an annual premium for its property and casualty, workers' compensation, unemployment and liability insurance coverage. The Joint Powers Agreements provide that SBASIA and SCCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

11. Accounting Estimates

The presentation of 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 reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

12. Implemented New Accounting Pronouncements

GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27 (Issued 06/12). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement has been implemented as of June 30, 2015 resulting in a prior period adjustment of $10,185,992 related to CalPERS and $29,798,216 related to CalSTRS totaling $39,984,208 in the government-wide net position but had no impact on governmental fund balances. See Note 10 for information related to the financial statement impact of this statement.

GASB Statement No. 69 – In January, 2013, GASB issued Statement No. 69, *Government Combinations and Disposal of Government Operations.* This Statement establishes accounting and financial reporting standards related to government combinations and disposal of government operations. As used in this Statement, *combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. There was no financial statement effect related to this Statement.

GASB Statement No. 70 – In April, 2013, GASB issued Statement No 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The District does not participate in nonexchange financial guarantees. Therefore, this Statement had no financial statement effect.

GASB Statement No. 71 – In November, 2013, GASB issued Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement were required to be applied simultaneously with the provisions of Statement 68 and have been implemented as of June 30, 2015. See Note 10 for information related to the financial statement impact of this statement.

13. Upcoming Accounting and Reporting Changes

GASB Statement No. 72 – In February, 2015, GASB issued Statement No 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015 (fiscal year ending June 30, 2016). The District is in the process of determining the impact this statement will have on the financial statements, but does not anticipate a material impact on its financial statements.

GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Effective date: the provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues:

- Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
- Timing of employer recognition of revenue for the support of nonemployer contributing entities *not* in a special funding situation.

The District is in the process of determining the impact this statement will have on the financial statements, but does not anticipate a material impact on its financial statements.

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Effective date: the provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

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

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

Management anticipates that this statement will not have a direct impact on the District's financial statements.

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective date: the provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

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

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

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

The District is in the process of determining the impact this statement will have on the financial statements.

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective date: the provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Management anticipates that this statement will not have a material impact on the District's financial statements.

GASB Statement No. 77 – *Tax Abatement Disclosures*. Effective date: the requirements of this Statement are effective for reporting periods beginning after December 15, 2015. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period

- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Management anticipates that this statement will not have a material impact on the District's financial statements.

NOTE 2 - CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2015, is as follows:

Deposit or Investment	Carrying Amount	Fair Value	Investment Rating
Government-Wide Statements:			
Cash in county treasury investment pool	$ 76,914,815	$ 76,835,963	AA
Cash in banks	9,962	9,962	NA
Cash in revolving fund	8,000	8,000	NA
Cash with fiscal agent	23,180	23,180	NA
Total Government-Wide Cash and Investments	76,955,957	76,877,105	
Fiduciary Funds:			
Cash in county treasury investment pool	177,574	177,392	AA
Cash in banks	86,912	86,912	NA
Total Cash and Investments	$ 77,220,443	$ 77,141,409	

Cash in banks and revolving funds

Except for fully insured non-interest bearing accounts, cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2015, the bank balance of the District's accounts with banks was $96,874, which was fully insured by FDIC.

Cash in County Treasury

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

Policies and Practices

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District keeps cash in the Santa Clara County Investment Pool which had a fair value of approximately $5.69 billion and an amortized book value of $5.69 billion. The average weighted maturity for this pool is 469 days.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Clara County Investment Pool is governed by the County's general investment policy, which is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The County's investment policy limits all investments to the top three ratings issued by at least two of the nationally recognized statistical rating organizations (NRSRO).

Custodial Credit Risk – Deposits

Custodial credit risk 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 (unless so waived by the governmental unit). 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.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2015:

Receivables	General Fund	Child Development Fund	Building Fund	Bond Interest Redemption	Nonmajor Funds	Total
Federal Government:						
Special Ed.: IDEA	$ 672,929	$ -	$ -	$ -	$ -	$ 672,929
Child Nutrition	-	-	-	-	33,576	33,576
Head Start	-	33,699	-	-	-	33,699
Other Federal Resources	38,932	-	-	-	-	38,932
State Government:						
Child Development	-	48,936	-	-	-	48,936
Special Education	143,590	-	-	-	-	143,590
Lottery	263,439	-	-	-	-	263,439
Lottery: Instructional Materials	171,823	-	-	-	-	171,823
After School Education and Safety	44,595	-	-	-	-	44,595
All Other Resources	571,392	47,268	46,090	5,935	7,408	678,093
Total Accounts Receivable	$ 1,906,700	$ 129,903	$ 46,090	$ 5,935	$ 40,984	$ 2,129,612

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2015, interfund payables and receivables consisted of the following $25,703 owed by by the Child Development Fund to the General Fund, $65,740 owed by the Cafeteria Fund to the General Fund, and $59,483 owed by the General Fund to the Cafeteria Fund.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. The District transferred $59,483 from the General Fund to the Cafeteria Fund.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, is shown below:

Capital Assets	Balance July 01, 2014	Additions	Deletions/ Transfers	Balance June 30, 2015
Land - not depreciable	$ 1,341,037	$ -	$ -	$ 1,341,037
Work-in-progress - not depreciable	2,607,811	18,431,435	(14,454,297)	6,584,949
Buildings and improvements	96,326,466	14,507,178	-	110,833,644
Equipment	2,832,312	575,518	(70,714)	3,337,116
Total capital assets	103,107,626	33,514,131	(14,525,011)	122,096,746
Less accumulated depreciation for:				
Buildings and improvements	53,422,085	2,902,568	-	56,324,653
Equipment	2,342,477	147,657	(68,295)	2,421,839
Total accumulated depreciation	55,764,562	3,050,225	(68,295)	58,746,492
Total capital assets - net depreciation	$ 47,343,064	$ 30,463,906	$ (14,456,716)	$ 63,350,254

Depreciation expense was charged to governmental activities as follows:	
Instruction	$ 1,690,626
Supervision of instruction	1,801
Instruction library, media and technology	152,325
School site administration	255,194
Home-to-school transportation	31,646
Food services	45,391
All other pupil services	4,257
All other general administration	78,028
Plant services	790,957
Total depreciation expense	$ 3,050,225

NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in long-term debt for the year ended June 30, 2015:

Long-term Debt	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within 2016
General Obligation Bonds	$ 91,034,629	$ -	$ 7,260,133	$ 83,774,496	$ 4,342,161
Loss on early retirement of bonds	(6,045,158)	-	(739,734)	(5,305,424)	-
Unamortized bond premiums - net	2,747,031	-	109,921	2,637,110	-
Net OPEB obligation	5,684,192	1,346,092	291,029	6,739,255	-
Net pension liabilies	-	39,984,208	7,789,001	32,195,207	-
Compensated Absences	44,714	2,693	-	47,407	-
Total Long-Term Debt	$ 93,465,408	$ 41,332,993	$ 14,710,350	$ 120,088,051	$ 4,342,161

Payments for the capital lease obligations are paid from the General Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The accrued vacation and other postemployment benefits will be paid by the fund for which the employee worked.

NOTE 7 - GENERAL OBLIGATION BONDS

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

In August of 2006, the District issued $16,239,685 in General Obligation Refunding Bonds with an average interest rate of 4.375% to partially refund $14,895,000 of outstanding 1998 Series A, 1998 Series C, 1998 Series D and 1998 Series E bonds ("refunded") with an average interest rate of 4.09%. The net proceeds of $15,923,796 (after payment of $316,113 in underwriting fees, insurance, and other issuance costs and an additional $1,794,000 cash withheld for capital outlay) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,794,224. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2014 using the straight-line method. The District completed the advance refunding to finance additional cash for capital outlay, which resulted in an increase of $198,425 in total debt service payments over the next 22 years. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $687,574.

In 2011, the District issued $2,645,000 in General Obligation Refunding Bonds with interest rates of 4-5% to refund $2,615,000 of outstanding 1998 Series A bonds ("refunded") with an interest rate of 3.5-5%. The net proceeds of $2,712,593 (after payment of $89,000 in underwriting fees, insurance, and other issuance costs) included a premium of $156,593 and was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $186,593. The District completed the advance refunding to finance additional cash for capital outlay, which resulted in a decrease of $94,128 in total debt service payments over the next 9 years. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $224,878.

In 2012, the District issued $10,880,000 in General Obligation Refunding Bonds with interest rates of .751-2.973% to refund $10,699,000 of outstanding 1998 Series A bonds ("refunded"), including compound interest of $6,994,704 and principal of $3,704,296, with an interest rate of 3.5-5%. The net proceeds of $10,677,332 (after payment of $202,668 in underwriting fees, insurance, and other issuance costs) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,457,872. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $1,350,053.

In February of 2013, the District issued $50,000,000 in General Obligation Bonds, Series A, to finance constructions projects for facilities improvements. From the gross proceeds of $52,623,484, which included a premium of $2,848,484 net of an underwriting discount of $225,000, net proceeds of $52,148,484 (after payment of $475,000 in issuance costs) was deposited with the County in the District's name. Of the net proceeds deposited, $50,000,000 was recorded in the Measure G building and fund and $2,148,484 was recorded in the bond interest and redemption fund.

The following schedule summarizes District's outstanding General Obligation Bonds as of June 30, 2015:

Bond	Interest Rate	Year of Issue	Maturity Date	Original Issue	Outstanding July 1, 2014	Issued	Redeemed	Outstanding June 30, 2014
1998 Revenue Bonds, Series A	6.5-6.95%	1998	8/1/2021	$ 14,821,025	$ -	$ -	$ -	$ -
1996 GOB Series B	4.65-5.48%	1997	8/1/2022	6,784,646	3,345,323	-	278,285	3,067,038
1996 GOB Series C	4.3-5.53%	1999	2/1/2024	6,499,471	4,623,998	-	240,845	4,383,153
1996 GOB Series D	5.11-6.28%	2000	2/1/2025	5,298,641	4,195,945	-	156,640	4,039,305
1998 GOB Series E	2.75-4.5%	2003	9/1/2015	3,000,000	200,000	-	100,000	100,000
2005 GOB Series A	3.25-5%	2005	7/1/2025	9,090,000	6,340,000	-	450,000	5,890,000
2006 GOB	3.5-5.25%	2006	9/1/2021	16,239,685	14,234,363	-	504,363	13,730,000
2010 GOB	4-5%	2010	9/1/2019	2,645,000	1,215,000	-	205,000	1,010,000
2012 GOB Refunding	.751-2.973%	2011	8/1/2021	10,880,000	10,880,000	-	1,125,000	9,755,000
2012 GOB Series A	3.02-4%	2013	9/1/2040	50,000,000	46,000,000	-	4,200,000	41,800,000
Total General Obligation Bonds				$ 125,258,468	$ 91,034,629	$ -	$ 7,260,133	$ 83,774,496

The following is a summary of the District's annual debt service requirements as of June 30, 2015:

Year Ending June 30	Principal	Interest	Total
2016	$ 4,342,161	$ 3,730,391	$ 8,072,552
2017	4,277,498	3,759,269	8,036,767
2018	4,541,663	3,797,765	8,339,428
2019	4,888,168	3,835,300	8,723,468
2020	5,287,448	3,878,996	9,166,444
2021-2025	19,386,467	25,594,254	44,980,721
2026-2030	7,836,091	83,774,496	91,610,587
2031-2035	10,790,000	5,339,750	16,129,750
2036-2040	17,820,000	2,555,913	20,375,913
2041	4,605,000	80,588	4,685,588
Total Debt Service	$ 83,774,496	$ 136,346,722	$ 220,121,218

NOTE 8 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in two joint ventures under joint powers agreements (JPA) with the Santa Clara County School District Insurance Group (SCCSIG) and the South Bay Area Schools Insurance Authority (SBASIA). The relationship between the District and the JPAs is such that the JPAs are not a component unit of the District for financial reporting purposes.

The SCCSIG arranges for and provides for workers' compensation and medical insurance for its members while the SBASIG arranges for and provides property and liability insurance for its members. The JPAs are governed by a board consisting of a representative from each member district. The board controls the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPAs. The following is a summary of coverage provided by each JPA, and each JPA's financial statement information:

Risk Management JPA's	SBASIA June 30, 2014	SCCSIG June 30, 2014
Total Assets	$ 5,012,294	$ 13,962,901
Total Liabilities	653,479	4,591,704
Total Equity	4,358,815	9,371,197
Total Revenues	3,152,204	28,826,809
Total Expenditures	2,703,539	28,281,323

SBASIA provides property and liability insurance coverage.
SCCSIG provides workers' compensation insurance and medical coverage for classified and certificated employees.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

The District may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on the District's financial position or results of operations as of June 30, 2015.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

A. California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	50	62
Monthly benefits as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	11.44%	6.25%

Employees Covered - At June 30, 2015, the District had 263 employees covered by the benefit terms under the Plan.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	$	860,196
Contributions - employee		532,120

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		Proportionate Share of Net Pension Liability
Miscellaneous Plan	$	8,116,991

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

Proportion - June 30, 2013	0.0715%
Proportion - June 30, 2014	0.0715%
Change	0.0000%

For the year ended June 30, 2015, the District recognized pension expense of $22,816 for the Plan. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,038,983	$ -
Amortization of differences in earnings and proportions	-	(697,272)
Net differences between projected and actual earnings on plan investments	-	2,789,089
Total	$ 1,038,983	$ 2,091,817

The District reported $1,038,983 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Recognized to Pension Expense
2015	$ 697,272
2016	697,272
2017	697,272
2018	697,271
Total	$ 2,789,087

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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.

The table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of the 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 for the Plan, calculated using the discount rate for the Plan, 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 or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	$ 14,239,055
Current Discount Rate	7.50%
Net Pension Liability	$ 8,116,991
1% Increase	8.50%
Net Pension Liability	$ 3,001,389

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

B. California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	50	55
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	8%	8%
Required employer contribution rates	11.44%	8%

Employees Covered - A t June 30, 2015, the District had 344 employees covered by the benefit terms under the Plan.

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	$	1,634,064
Contributions - employee		996,160

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		Proportionate Share of Net Pension Liability
Miscellaneous Plan	$	25,712,280

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

Proportion - June 30, 2013	0.0441%
Proportion - June 30, 2014	0.0440%
Change	-0.0001%

For the year ended June 30, 2015, the District recognized pension expense of $611,600 for the Plan. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$	3,011,827	$	-
Amortization of differences in earnings and proportions		-		(1,582,680)
Net differences between projected and actual earnings on plan investments		-		7,914,280
Total	$	3,011,827	$	6,331,600

The District reported $3,011,827 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Recognized to Pension Expense
2015	$ 1,582,680
2016	1,582,680
2017	1,582,680
2018	1,583,560
Total	$ 6,331,600

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.60%
Inflation	3.00%
Payroll Growth	3.75%
Projected Salary Increase	0.5% - 5.6% (1)
Investment Rate of Return	7.60% (2)
Mortality	(3)

(1) Depending on age, service and type
(2) Net of pension plan investment expenses, including inflation
(3) Derived using STRS' membership data for all funds

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.

The table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)
Global Equity	47.00%	4.50%
Fixed Income	20.00%	0.20%
Inflation Sensitive	5.00%	3.20%
Private Equity	12.00%	6.20%
Real Estate	15.00%	4.35%
Liquidity	1.00%	0.00%
Total	100.00%	

(a) 10-year geometric average.

Sensitivity of the 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 for the Plan, calculated using the discount rate for the Plan, 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 or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	$ 40,078,720
Current Discount Rate	7.50%
Net Pension Liability	$ 25,712,280
1% Increase	8.50%
Net Pension Liability	$ 13,733,280

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

C. Postemployment Healthcare Plan (PHP)

Plan Description.

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.

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.

Funding Policy.

The required contribution to the PHP is based on projected pay-as-you-go financing requirements, with an additional amount transferred to the special reserve fund for postemployment benefits as determined annually by the Board of Trustees. The transfer to the special reserve fund for postemployment benefits does not qualify as a contribution to the plan since the District has control over the money in this fund. For the fiscal year ended June 30, 2015, the District contributed $291,029 to the plan from payment of current premiums and current retiree benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC),* an amount actuarially determined in accordance with the parameters of GASB Statement 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 liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ 1,473,255
Interest on net OPEB obligation	198,794
Adjustment to annual required contribution	(325,957)
Annual OPEB cost (expense)	1,346,092
Contributions made	(291,029)
Increase in net OPEB obligation	1,055,063
Net OPEB obligation - beginning of year	5,684,192
Net OPEB obligation - end of year	$ 6,739,255

As of June 30, 2015, the District had committed fund balance of $4,992,982 toward the net OPEB obligation. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	1,223,708	24.03%	4,623,360
6/30/2014	1,281,907	16.54%	5,693,192
6/30/2015	1,346,092	21.62%	6,739,255

Funded Status and Funding Progress

The most recent actuarial valuation date was July 1, 2012. The actuarial accrued liability for benefits was $9.5 million and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $9.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $26.94 million, and the ratio of the UAAL to the covered payroll was 35 percent.

Actuarial Methods and Assumptions

Under the Projected Unit Credit method, the actual OPEB benefits expected to be paid on behalf of each retired employee in all future years are divided equally among all years of employment from hire to retirement. The actuarial present value of the benefits which are allocated to the current year is called the Normal Cost. The actuarial present value of the benefits which are allocated to past years, including the full value of benefits for all former employees, is called the Actuarial Accrued Liability, and is amortized over a period of future years. The ARC is the sum of that amortization and the Normal Cost. The remaining amortization period at June 30, 2015, was twenty-five years.

In the July 1, 2012 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 7 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after five 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.

Required Supplementary Information (OPEB Schedule of Funding Progress)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
7/1/2010	$ -	$ 9,099,655	$ 9,099,655	0%	$ 24,457,598	37.21%
7/1/2012	$ -	$ 9,518,310	$ 9,518,310	0%	$ 26,937,114	35.34%

REQUIRED
SUPPLEMENTARY
INFORMATION

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual (GAAP Basis)	Final Budget Positive - (Negative)
Revenues:				
LCFF Sources	$ 35,098,364	$ 35,384,194	$ 38,261,607	$ 2,877,413
Federal	1,613,431	1,575,910	1,524,627	(51,283)
Other state	1,764,193	2,150,576	3,241,208	1,090,632
Other local	10,829,219	10,793,773	11,790,469	996,696
Total revenues	49,305,207	49,904,453	54,817,911	4,913,458
Expenditures:				
Certificated salaries	22,402,820	23,137,837	22,611,097	526,740
Classified salaries	7,612,343	7,831,316	8,160,432	(329,116)
Employee benefits	10,421,841	9,978,989	10,987,668	(1,008,679)
Books and supplies	2,095,164	2,887,805	2,452,491	435,314
Services and other operating expenditures	7,147,428	7,241,434	7,259,505	(18,071)
Capital outlay	235,000	235,000	599,075	(364,075)
Other outgo	(123,329)	(115,914)	(25,705)	(90,209)
Total expenditures	49,791,267	51,196,467	52,044,563	(848,096)
Excess (deficiency) of revenues over (under) expenditures	(486,060)	(1,292,014)	2,773,348	4,065,362
Other financing sources (uses):				
Transfers in	849,693	849,693	-	(849,693)
Transfers out	(849,693)	(849,693)	(59,483)	790,210
Total other financing sources (uses)	-	-	(59,483)	(59,483)
Net change in fund balances	(486,060)	(1,292,014)	2,713,865	4,005,879
Fund balances beginning	29,796,432	29,796,432	29,796,432	-
Prior period adjustment	-	-	-	-
Fund balance beginning as adjusted	29,796,432	29,796,432	29,796,432	-
Fund balances ending	$ 29,310,372	$ 28,504,418	$ 32,510,297	$ 4,005,879

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
CHILD DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual (GAAP Basis)	Final Budget Positive - (Negative)
Revenues:				
LCFF Sources	$ -	$ -	$ -	$ -
Federal	436,301	445,367	322,193	(123,174)
Other state	284,239	284,239	374,892	90,653
Other local	201,920	187,420	204,575	17,155
Total revenues	922,460	917,026	901,660	(15,366)
Expenditures:				
Certificated salaries	317,726	335,782	358,976	(23,194)
Classified salaries	208,371	206,085	219,894	(13,809)
Employee benefits	229,152	231,087	245,580	(14,493)
Books and supplies	15,188	15,188	29,496	(14,308)
Services and other operating expenditures	22,705	22,705	32,885	(10,180)
Other outgo	22,001	22,001	25,703	(3,702)
Total expenditures	815,143	832,848	912,534	(79,686)
Excess (deficiency) of revenues over (under) expenditures	107,317	84,178	(10,874)	(95,052)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	107,317	84,178	(10,874)	(95,052)
Fund balance beginning	70,323	70,323	70,323	-
Fund balances ending	$ 177,640	$ 154,501	$ 59,449	$ (95,052)

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF CALPERS PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		2014
Contractually Required Contributions (Actuarially Determined)	$	858,849
Contributions in Relation to Actuarially Determined Contributions		858,849
Contribution Deficiency (Excess)		**-**
Covered Employee Payroll	**$**	**7,453,056**
Contributions as a Percentage of Covered Payroll		**11.52%**

Notes to Schedule:

Valuat June 30, 2013
Assum Entry Age Method used fro Actuarial Cost Method
Level Percentage of Payroll (Closed) Used Amortization Method
3.9 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.5%
CalPERS mortality table using 20 years of membership data for all funds

** Fiscal year 2015 was the first year of implementation, therefore only one year is shown

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF CALPERS PROPORTIONATE SHARE
OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		2014
District's Proportion of Net Pension Liability		0.07150%
District's Proportionate Share of Net Pension Liability	$	8,116,991
District's Covered Employee Payroll	$	7,453,056
District's Proportionate Share of NPL as a % of Covered Employee Payroll		**108.91%**
Plan's Fiduciary Net Position as a % of the TPL		**83.38%**

** Fiscal year 2015 was the first year of implementation, therefore only one year is shown

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF STRS PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	2014
Contractually Required Contributions (Actuarially Determined)	$ 1,634,064
Contributions in Relation to Actuarially Determined Contributions	1,634,064
Contribution Deficiency (Excess)	**-**
Covered Employee Payroll	**$ 12,093,840**
Contributions as a Percentage of Covered Payroll	**13.51%**

Notes to Schedule:

Valuat June 30, 2013

Assum Entry Age Method used fro Actuarial Cost Method
Level Percentage of Payroll (Closed) Used Amortization Method
3.9 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.5%
CalPERS mortality table using 20 years of membership data for all funds

** Fiscal year 2015 was the first year of implementation, therefore only one year is shown

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF STRS PROPORTIONATE SHARE
OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	2014
District's Proportion of Net Pension Liability	0.04400%
District's Proportionate Share of Net Pension Liability	$ 24,078,216
District's Covered Employee Payroll	$ 12,093,840
District's Proportionate Share of NPL as a % of Covered Employee Payroll	**199.09%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**

** Fiscal year 2015 was the first year of implementation, therefore only one year is shown

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SUPPLEMENTARY INFORMATION

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds		Capital Projects Fund	
	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Nonmajor Funds
Assets				
Cash and investments	$ -	$ 808,429	$ 5,114,903	$ 5,923,332
Accounts receivable	33,576	1,109	6,299	40,984
Due from other funds	59,483	-	-	59,483
Stores inventories	36,547	-	-	36,547
Total Assets	$ 129,606	$ 809,538	$ 5,121,202	$ 6,060,346
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	$ 27,319	$ -	$ -	$ 27,319
Due to other funds	65,740	-	-	65,740
Total Liabilities	93,059	-	-	93,059
Deferred Inflows of Resources				
Unearned revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund balances:				
Nonspendable stores inventories	36,547	-	-	36,547
Restricted for capital facility projects	-	-	5,121,202	5,121,202
Assigned for site repairs	-	809,538	-	809,538
Total Fund Balances	36,547	809,538	5,121,202	5,967,287
Total Liabilities, Deferred Inflows and Fund Balances	$ 129,606	$ 809,538	$ 5,121,202	$ 6,060,346

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		**Capital Projects Fund**	
	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Nonmajor Funds
Revenues:				
LCFF Sources	$ -	$ -	$ -	$ -
Federal	1,359,148	-	-	1,359,148
Other state	102,503	-	-	102,503
Other local	433,762	3,749	1,698,769	2,136,280
Total revenues	1,895,413	3,749	1,698,769	3,597,931
Expenditures:				
Pupil services:				
Food services	1,985,787	-	-	1,985,787
Plant services	37,933	-	-	37,933
Facility acquisition and construction	-	-	389	389
Total expenditures	2,023,720	-	389	2,024,109
Excess (deficiency) of revenues over (under) expenditures	(128,307)	3,749	1,698,380	1,573,822
Other financing sources (uses):				
Transfers in	59,483	-	-	59,483
Transfers out	-	-	-	-
Total other financing sources (uses)	59,483	-	-	59,483
Net change in fund balances	(68,824)	3,749	1,698,380	1,633,305
Fund balances beginning	105,371	805,789	3,422,822	4,333,982
Fund balances ending	$ 36,547	$ 809,538	$ 5,121,202	$ 5,967,287

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STATE AND FEDERAL AWARD COMPLIANCE SECTION

The Mountain View Whisman School District services 70,000 residents and 4,800 students. The District is located at the southern tip of the San Francisco Bay and is comprised of six elementary and two middle schools. There were no changes in boundaries during the last fiscal year.

Governing Board

Name	Office	Term Expires
Ellen Wheeler	President	2018
Greg Coladonato	Clerk	2018
Chris Chiang	Member	2016
William Lambert	Member	2016
Steven Nelson	Member	2016

Administration

Craig Goldman
Superintendent

Kevin Skelly
Interim Superintendent

Terese McNamee
Chief Business Officer

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Second Period Report	Annual Report
Elementary:		
Grades TK/K through three	2,402	2,397
Grades four through six	1,606	1,604
Grades seven and eight	871	869
Special education	8	8
ADA Totals	4,887	4,878

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grade Level	1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes	1986-87 Minutes Requirements	Reduced 1986-87 Minutes Requirements	2015 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	34,320	33,367	36,000	35,000	48,850	180	0	In compliance
Grade 1	47,085	45,777	50,400	49,000	51,800	180	0	In compliance
Grade 2	47,085	45,777	50,400	49,000	51,800	180	0	In compliance
Grade 3	47,085	45,777	50,400	49,000	51,800	180	0	In compliance
Grade 4	47,085	45,777	54,000	52,500	54,420	180	0	In compliance
Grade 5	47,085	45,777	54,000	52,500	54,420	180	0	In compliance
Grade 6	55,435	53,895	54,000	52,500	56,645	180	0	In compliance
Grade 7	55,435	53,895	54,000	52,500	56,645	180	0	In compliance
Grade 8	55,435	53,895	54,000	52,500	56,645	180	0	In compliance

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46208. School districts that have met their LCFF targets or have not met their LCFF targets, but received longer day and year incentive funding, can not provide less than the 1986-87 minutes requirements; reduced by 5 days for fiscal years 2014-15. There is no longer a requirement to offer minutes offered in 1982-83 for districts that exceeded the minutes listed in the statute and met their LCFF target, or districts that received incentive funding for longer instructional day and year, or for a district that did not meet its LCFF target and participated in the longer day incentive but not the longer year incentive.

The District met its LCFF target and has received incentive funding for increasing instructional time as provided by the incentives for longer instructional day and year. Therefore, the District was required to meet the 1986-87 minutes requirements reduced by 5 days for the 2014-15 fiscal year.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	(Budget [1]) 2016	2015	2014	2013
General Fund				
Revenues and other financial sources	$ 56,519,036	$ 54,817,911	$ 52,772,087	$ 49,241,305
Expenditures	56,285,480	52,044,563	46,209,035	42,385,676
Other uses and transfers out	551,484	59,483	869,235	959,803
Total outgo	56,836,964	52,104,046	47,078,270	43,345,479
Change in fund balance	$ (317,928)	$ 2,713,865	$ 5,693,817	$ 5,895,826
Beginning fund balance adjstment	$ -	$ -	$ (50,881)	$ -
Ending fund balance	$ 32,192,369	$ 32,510,297	$ 29,796,432	$ 24,153,496
Available reserves (2) (3)	$ 17,059,361	$ 17,686,223	$ 13,770,870	$ 11,760,382
Unassigned - Reserved for economic uncertainties	$ 1,688,564	$ 1,563,121	$ 1,386,271	$ 1,271,570
Unassigned fund balance	$ 15,370,797	$ 16,123,102	$ 12,384,599	$ 10,488,812
Available reserves as a percentage of total outgo	30.01%	33.94%	29.25%	27.13%
Total long-term debt	$ 121,051,314	$ 125,393,475	$ 99,510,566	$ 104,895,783
Average daily attendance at P-2	4,905	4,887	4,873	4,848

Average daily attendance has increased by 39 over the past three years. The district anticipates an increase of 18 ADA.

The fund balance in the General Fund has increased by $8,3565,801 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district earned an operating surplus in each of the past three years. Total long-term debt has increased by $20,497,692 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2014/15.

[2] Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM NAME		FEDERAL CATALOG NUMBER	PASS THROUGH NUMBER	PROGRAM EXPENDITURE
U. S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Education:				
Special Education Cluster				
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	(1)	84.027	13379	$ 830,953
Special Ed: IDEA Local Assistance Entitlement, Part B, Sec 611, Private School ISP's	(1)	84.027	10115	5,634
Special Ed: IDEA Mental Health Services, Part B, Sec 611	(1)	84.027	14468	49,387
Special Ed: IDEA Preschool Grants, Part B, Sec 619	(1)	84.173	13430	56,267
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	(1)	84.173	13431	400
Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611	(1)	84.027	13682	120,907
Total Special Education Cluster				1,063,548
NCLB: Title II, Part A, Teacher Quality		84.367	14341	122,223
Federal Impact Aid: ESEA Title VIII		84.041	10015	98,095
NCLB: Title III, Limited English Proficient (LEP) Student Program		84.365	13346	155,472
NCLB: Title III, Immigrant Education Program		84.365	15146	25,656
TOTAL U. S. DEPARTMENT OF EDUCATION				1,464,994
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Grants:				
Head Start		93.600	10016	322,193
Passed Through California Department of Education:				
Medi-Cal Billing Option		93.778	10013	34,748
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				356,941
U. S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education:				
National School Lunch Program		10.555	13524	1,359,148
TOTAL FEDERAL PROGRAMS				$ 3,181,083

(1) Audited as major program

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Child Development Fund	Building Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2015 Annual Financial and Budget Report Fund Balances	$ 27,397,572	$ 59,449	$ 29,794,525	$ 7,308,469	$ 11,080,012
Adjustments and Reclassifications:					
Special Reserve Fund for Other Than Capital Outlay Projects:					
Cash with County Treasury	119,579	-	-	-	(119,579)
Accounts Receivable	164	-	-	-	(164)
Special Reserve Fund for Postemployment Benefits:					
Cash with County Treasury	4,986,142	-	-	-	(4,986,142)
Accounts Receivable	6,840	-	-	-	(6,840)
June 30, 2015 Audited Financial Statements Fund Balances	$ 32,510,297	$ 59,449	$ 29,794,525	$ 7,308,469	$ 5,967,287

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of 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.

D. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with OMB Circular A-133 and state requirements.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEMS

There were no material unreconciled differences between the District's records and the schedule of federal grant activity as shown on the Schedule of Expenditures of Federal and State Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mountain View Whisman School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Mountain View Whisman School District
Mountain View, California

We have audited, 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Mountain View Whisman School District's basic financial statements, and have issued our report thereon dated September 23, 2015.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountain View Whisman School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

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accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

C & A LLP

September 23, 2015
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
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 *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 the Mountain View Whisman School District's compliance.

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, 2015.

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

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an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

C & A LLP

September 23, 2015
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

Board of Trustees
Mountain View Whisman School District
Mountain View, California

Compliance

We have audited the Mountain View Whisman School District's (the District) compliance with the types of State compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2015. The applicable State compliance requirements are identified in the table below.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance with the State laws and regulations based on our audit. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	No
Instructional Time for School Districts	Yes
Instructional Materials - General Requirements	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	n/a
Gann Limit Calculation	Yes

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Description	Procedures Performed
School Accountability Report Card	Yes
Juvenile Courts	n/a
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	n/a
Regional Occupational Centers or Programs Maintenance of Effort	n/a
Adult Education Maintenance of Effort	n/a
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Job Acts	No
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	n/a
Mode of Instruction	n/a
Nonclassroom-Based Instruction/Independent Study	n/a
Determination of Funding for Nonclassroom-Based Instruction	n/a
Annual Instructional Minutes-Classroom Based	n/a
Charter School Facility Grant Program	n/a

We did not perform the audit procedures for Continuation Education and Full-time Independent Study programs because the ADA was under the level that requires testing. We did not perform any procedures related to the California Clean Energy Jobs Act because the District does not have expenditures for this program. The District does not have any charter schools, therefore we did not perform any testing related to charter schools.

Opinion

In our opinion, Mountain View Whisman School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2015.

C & A LLP

September 23, 2015
San Jose, California

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FINDINGS AND RECOMMENDATIONS

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ No
Non-compliance material to financial statements noted?	___ Yes _x_ No

Federal Awards

Internal control over major programs:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ No
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(a)	___ Yes _x_ No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low risk auditee?	_x_ Yes ___ No

State Awards

Internal control over state programs:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ No
Type of auditor's report issued on compliance over state programs:	**Unmodified**

(Continued)

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – State Award Findings and Questioned Costs

No findings noted.

(Concluded)

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – State Award Findings and Questioned Costs

No findings noted.