

**WOODLAND HILLS SCHOOL DISTRICT**

**NORTH BRADDOCK, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018**

WOODLAND HILLS SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2018

CONTENTS

	<u>Page</u>
Independent Auditor's Report	i-iii
Management's Discussion and Analysis	iv-xiii
Basic Financial Statements	
Government-wide Financial Statements	
Exhibit A - Statement of Net Position	1
Exhibit B - Statement of Activities	2
Fund Financial Statements	
Exhibit C - Balance Sheet - Governmental Funds	3
Exhibit D - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Exhibit E - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	5
Exhibit F - Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Exhibit G - Statement of Net Position - Proprietary Funds	7
Exhibit H - Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8
Exhibit I - Statement of Cash Flows - Proprietary Funds	9
Exhibit J - Statement of Fiduciary Net Position - Fiduciary Funds	10
Exhibit K - Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11
Notes to the Financial Statements	12-44
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	46
Schedule of Changes in the Total OPEB Liability and Related Ratios - Retirees Health Plan	47
Schedule of District's Proportionate Share of the Net OPEB Liability - PSERS Plan	48
Schedule of District's OPEB Contributions - PSERS Plan	49
Schedule of the District's Proportionate Share of the Net Pension Liability – Last 10 Years	50
Schedule of the District's Contributions – Last 10 Years	51
Other Supplementary Information	
SCHEDULE 1 – Comparative Statement of Net Position – Proprietary Funds	53
SCHEDULE 2 – Comparative Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds	54
SCHEDULE 3 – Comparative Statement of Cash Flows – Proprietary Funds	55

WOODLAND HILLS SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2018

CONTENTS (CONTINUED)

	<u>Page</u>
Single Audit Report	
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	57-58
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance and on the Schedule of Expenditures of Federal Awards	59-60
Schedule of Expenditures of Federal Awards	61
Notes to Schedules of Expenditures of Awards	62
Schedule of Findings and Questioned Costs	63-65
Summary of Prior Audit Findings	65
Statistical Information Section	66-88



Independent Auditor's Report

Members of the Board and Management  
Woodland Hills School District  
North Braddock, Pennsylvania

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the WOODLAND HILLS SCHOOL DISTRICT as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the WOODLAND HILLS SCHOOL DISTRICT's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information for the WOODLAND HILLS SCHOOL DISTRICT as of June 30, 2018, and the respective changes in the financial position, and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America.



Members of the Board and Management  
Woodland Hills School District  
Page ii

**Adoption of GASB Statements**

As described in Note 17 to the financial statements, in 2018 the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Statement 85, "Omnibus 2017" and Statement No. 86, "Certain Debt Extinguishment Issues". Our opinion is not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of OPEB contributions, schedules of changes in the OPEB liability, budgetary comparison, schedule of the district's proportionate share of the net pension liability- last 10 years, and schedule of district's contributions- last 10 years information on pages iv through xiii and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the WOODLAND HILLS SCHOOL DISTRICT's basic financial statements. The supplementary schedules on pages 53 through 55 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is also not a required part of the basic financial statements.

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



## Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

*Experience. Expertise. Accountability.*

Members of the Board and Management  
Woodland Hills School District  
Page iii

The Statistical Information Section of this report (pages 66-88) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the WOODLAND HILLS 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

December 3, 2018  
Pittsburgh, Pennsylvania

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Woodland Hills School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

One personnel item worth mentioning is that Mr. Alan Johnson, Superintendent of School retired effective June, 30, 2018. Mr. James P. Harris was hired as the new Superintendent of School on August 15, 2018.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year are as follows:

- The liabilities and deferred inflows of resources of the District's governmental activities exceeded its assets and deferred outflow of resources at the close of the most recent fiscal year by \$58,629,254 (deficit net position). The District's governmental activities unrestricted net position increased by \$16,603,011 for the 2017-2018 fiscal year, primarily a result of an increase the District's Cash and Cash Equivalents, specifically in the Capital Project Fund, from the issuance of additional bonds, but overall, there was a decrease in net position of \$1,053,739, due to the subsequent increase in the Bonds and Notes Payable of \$55,274,892 and Other Post-Employment Benefits by \$8,245,422. In regards to the District's proportionate share of the Pennsylvania School Employees Retirement system (PSERS) net pension obligation, the recognized liability as of June 30, 2018 was \$103,468,708. This was an increase of \$3,760,372.
- Total revenues of \$91,553,950 increased by \$321,499 for all governmental funds, of which the General Fund accounted for \$91,450,150 worth of revenues; an increase of \$239,936.
- Total expenditures of \$106,100,675 increased by \$12,849,649 for all governmental funds. The General Fund (including the Debt Service) accounted for \$94,397,307; an increase of \$3,823,021, primarily a result of an increase in salaries and benefits of \$4,338,095 as well as increases to tuition expense of \$590,135 (Charter school tuition increased by \$341,921 as did the Vo-Tech tuition by \$242,385) and Contracted Carriers by \$428,318.
- At the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$66,926,833, an increase of \$51,518,933 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance of the General Fund was \$8,846,486. The non-spendable portion of this amount totaling \$713,998 represents less than 1% of 2018-2019 budgeted general fund expenditures of \$98,063,580. The non-spendable portion is associated with pre-paid benefits. The remaining unassigned portion of \$8,061,478 represents 8% of the budgeted expenditures for the 2018-2019 fiscal year.

### USING THE ANNUAL FINANCIAL REPORT (GASB 34)

The Annual Financial Report consists of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Woodland Hills School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

### USING THE ANNUAL FINANCIAL REPORT (GASB 34) (Continued)

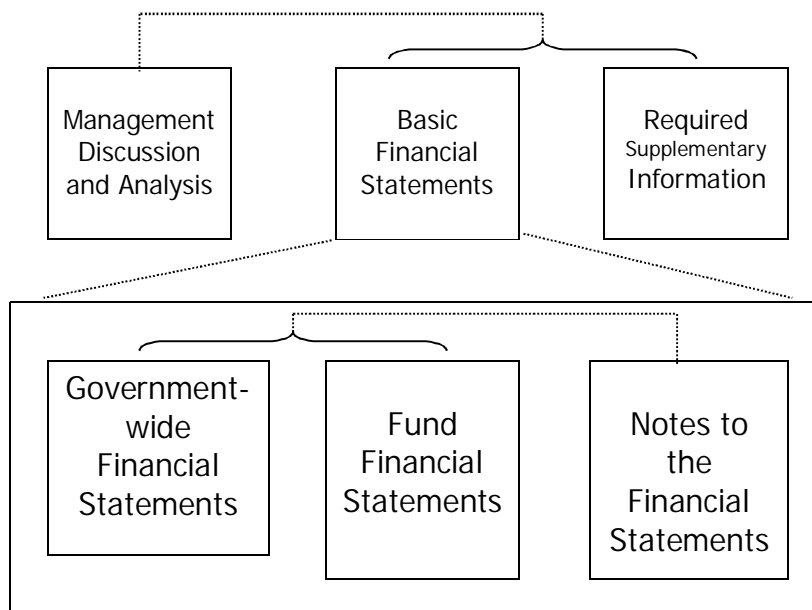
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like a business. For this District, this is our Food Service Fund.

Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1  
Required components of  
Woodland Hills School District's  
Financial Report





**USING THE ANNUAL FINANCIAL REPORT (GASB 34) (Continued)**

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

Major Features of Woodland Hills School District’s  
Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else’s resources – Scholarship and Activity Funds
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## OVERVIEW OF FINANCIAL STATEMENTS

### Government-wide Statements

Government-wide financial statements include the statement of net position and the statement of activities. Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. The government-wide financial statements can be found on pages 1 and 2 of this report.

- The statement of net position presents information on all of the District's assets and liabilities. The difference between the two is reported as net position.
- The statement of activities presents information showing how the government's net position changed during the year. Changes in net position are recognized regardless of the timing of related cash flows.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts in the Commonwealth of Pennsylvania, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fund statements begin on page 3 of this report.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital project fund (includes capital reserve fund), both of which are considered to be major funds. Data from the District's governmental funds is presented on pages 3 and 5 of this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with budget on page 46.

The District only maintains one proprietary fund, which is a food service fund. This fund is used to account for the District activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District. The District is the trustee, or fiduciary, for some scholarship and activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Net Position on pages 10 and 11.

**NOTES TO FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-44 of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, total liabilities exceeded total assets by \$58,629,254 at the close of the most recent fiscal year.

**Table A-1-Net Position**

	----- JUNE 30, 2018 -----			JUNE 30, 2017
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
Current Assets	\$ 87,297,949	\$ 1,134,605	\$ 88,432,554	\$ 37,531,852
Noncurrent Assets	53,108,140	80,093	53,188,233	50,903,302
Deferred Outflow of Resources	18,619,944	-	18,619,944	16,678,127
<b>TOTAL ASSETS AND DEFERRED RESOURCES</b>	<b>\$ 159,026,033</b>	<b>\$ 1,214,698</b>	<b>\$ 160,240,731</b>	<b>\$ 105,113,281</b>
Current Liabilities	\$ 12,893,754	\$ 641,730	\$ 13,535,484	\$ 18,511,268
Long-term Liabilities	201,809,258	-	201,809,258	129,387,082
Deferred Inflow of Resources	2,952,275	-	2,952,275	2,514,298
<b>TOTAL LIABILITIES</b>	<b>\$ 217,655,287</b>	<b>\$ 641,730</b>	<b>\$ 218,297,017</b>	<b>\$ 150,412,648</b>
Investment in Capital Assets	\$ 29,210,591	\$ 80,093	\$ 29,290,684	\$ 25,512,749
Restricted	71,010	-	71,010	117,254
Unrestricted	(87,910,855)	492,875	(87,417,980)	(70,929,370)
<b>TOTAL NET POSITION</b>	<b>\$ (58,629,254)</b>	<b>\$ 572,968</b>	<b>\$ (58,056,286)</b>	<b>\$ (45,299,367)</b>

The June 30, 2018 financial position above has been restated for the effects of certain prior period adjustments as described in the notes to the financial statements.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

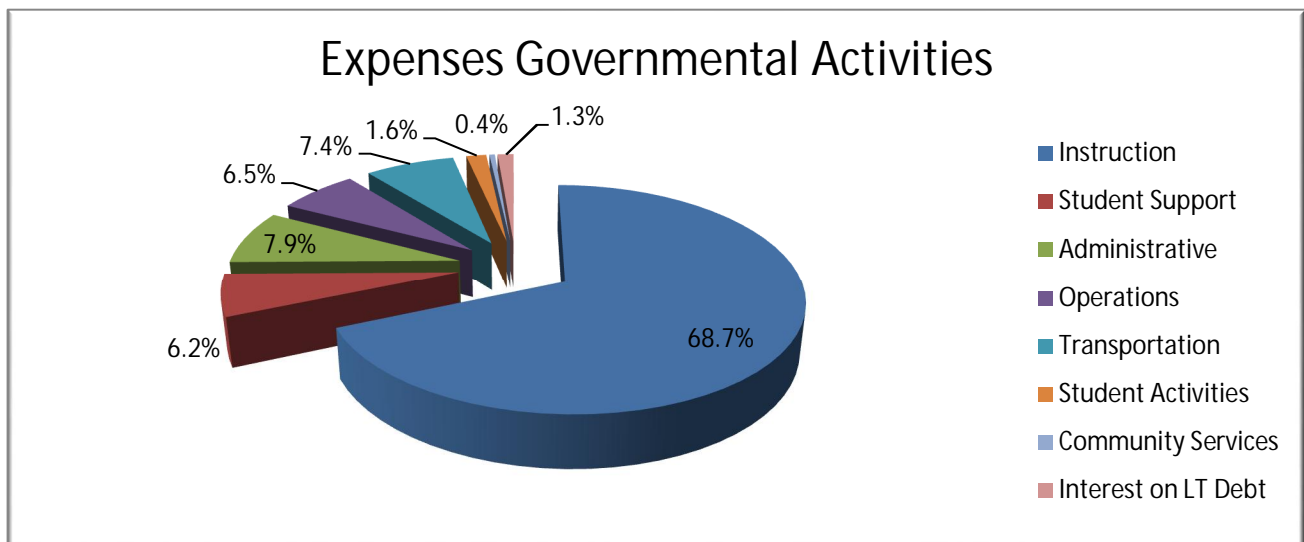
**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues, expenses, and change to the net position for past two fiscal years.

**Table A-2 - Changes in Net Position**

	----- JUNE 30, 2018 -----			JUNE 30, 2017
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
<b>REVENUES</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 309,682	\$ 124,310	\$ 433,992	\$ 394,074
Operating Grants and Contributions	18,652,432	2,449,492	21,101,924	21,811,497
Capital Grants and Contributions	-	-	-	-
<b>General Revenues:</b>				
Property, Earned, Other Taxes	56,058,425	-	56,058,425	56,326,411
Grants, Subsidies and Contributions	15,773,674	-	15,773,674	15,205,761
Other	482,406	5,835	488,241	1,089,722
<b>TOTAL REVENUES</b>	<b>\$ 91,276,619</b>	<b>\$ 2,579,637</b>	<b>\$ 93,856,256</b>	<b>\$ 94,827,465</b>
<b>EXPENSES</b>				
Instruction	\$ 63,304,620	\$ -	\$ 63,304,620	\$ 64,190,973
Instructional Student Support	5,713,628	-	5,713,628	6,233,269
Administrative and Financial Support	7,286,061	-	7,286,061	6,439,117
Operation and Maintenance of Plant	6,038,028	-	6,038,028	5,791,529
Pupil Transportation	6,788,822	-	6,788,822	7,592,899
Student Activities	1,514,453	-	1,514,453	1,481,514
Community Services	412,288	-	412,288	316,190
Interest on Long-term Debt	1,272,458	-	1,272,458	945,088
Food Services	-	2,486,199	2,486,199	2,454,622
<b>TOTAL EXPENSES</b>	<b>\$ 92,330,358</b>	<b>\$ 2,486,199</b>	<b>\$ 94,816,557</b>	<b>\$ 95,445,201</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,053,739)</b>	<b>\$ 93,438</b>	<b>\$ (960,301)</b>	<b>\$ (617,736)</b>

Governmental Activities--Net position for governmental activities decreased by \$1,053,739 primarily due to increased interest on long-term debt of \$327,370 and no additional property sales (which represented an additional \$703,525 in the prior year). The following chart displays the District's expenses for governmental activities.



**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, long-term debt, as well as each program's net cost (total cost less revenues generated by the activities) for the past two fiscal years. This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-3 Governmental Activities**

	----- JUNE 30, 2018 -----		----- JUNE 30, 2017 -----	
	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>
<b>EXPENSES</b>				
Instruction	\$ 63,304,620	\$ 50,493,087	\$ 64,190,973	\$ 50,099,680
Instructional Student Support	5,713,628	4,336,180	6,233,269	5,006,556
Administrative and Financial Support	7,286,061	6,451,847	6,439,117	5,537,909
Operation and Maintenance of Plant	6,038,028	5,759,957	5,791,529	5,491,126
Pupil Transportation	6,788,822	3,205,634	7,592,899	4,686,404
Student Activities	1,514,453	1,475,233	1,481,514	1,437,469
Community Services	412,288	373,848	316,190	275,206
Interest on Long-term Debt	1,272,458	1,272,458	945,088	945,088
<b>TOTAL EXPENSES</b>	<b>\$ 92,330,358</b>	<b>\$ 73,368,244</b>	<b>\$ 92,990,579</b>	<b>\$ 73,479,438</b>
<b>Less:</b>				
Unrestricted Grants, Subsidies		15,773,674		15,205,761
<b>TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES</b>		<b>\$ 57,594,570</b>		<b>\$ 58,273,677</b>

**BUSINESS TYPE ACTIVITY**

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

	----- JUNE 30, 2018 -----		----- JUNE 30, 2017 -----	
	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>
<b>EXPENSES</b>				
Food Service	\$ 2,486,199	\$ 87,603	\$ 2,454,622	\$ 239,808
Investment Earnings		5,835		1,370
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET INCOME &lt;LOSS&gt;</b>		<b>\$ 93,438</b>		<b>\$ 241,178</b>

## THE DISTRICT FUNDS

At June 30, 2018, the District's governmental funds reported a combined fund balance of \$66,926,833 compared to \$15,808,897 for the year ended June 30, 2017. The net change in fund balance for each of the District's governmental funds was as follows:

- General Fund – Expenditures exceeded revenues by \$2,947,157, an insurance recovery of \$6,213, proceeds from the sale of property for \$1,800, a prior period adjustment of \$400,997 (correcting judgments payable), and net operating transfers out of \$596,633 was recognized for a net change in fund balance of \$3,535,777.
- Capital Project Fund – Expenditures exceeded revenues by \$10,971,976 and operating transfers out of \$108,755 and bond and note issues and related premiums in the amount of \$66,057,645 was recognized for a net change in fund balance of \$54,976,914.
- Capital Reserve Fund – Expenditures exceeded revenues by \$627,592 and operating transfers in the amount of \$705,388 resulted in a net change in fund balance of \$77,796.

## GENERAL FUND BUDGET

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget (transfers) to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on Page 46.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process.

Budgeted expenditures and other financing uses also increased to compensate for the additional approved grants. Transfers between specific categories of expenditures/other financing uses occur during the year. Budget transfers have been made to accommodate this change.

The Budgetary Reserve includes amounts that will be funded by undesignated fund balance for planned opportunities and/or unexpected costs for improvements/repairs to the District operations. These amounts will only be appropriated into expenditure categories if the fiscal results of the current year warrant the need to do so.

## FOOD SERVICE BUDGET

The Pa. Department of Education requires all non-self-operational food service school districts to bid food service management services. Nutrition, Inc. was re-approved as the Food Service Management Company for the District, effective July 1, 2016, with a renewal by mutual agreement for up to four additional one-year periods.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS

At June 30, 2018, the District had \$53,108,140 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$1,912,122 from last year. The District had \$5,011,759 in capital asset additions during the 2017-2018 fiscal year, primarily from the completion of the renovated Academy. There were also assets disposed of either through sale of property, equipment or vehicles traded in that were valued at \$1,276,084.

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**DEBT ADMINISTRATION**

The GOB Series D of 2005 bonds totaling \$31,165,000 were issued to make improvements to the District’s athletic facilities and other instructional facilities. The District refinanced the GOB Series D of 2005 Bond in August of 2013, thereby effectively refunding the GOB Series 2005 of D Bond. In September of 2016, the District issued a 2016 taxable bond (GOB Series 2016) for \$5,455,000. This refinanced the debt service by enabling the District to pay the September 1, 2016 bond payment from the GOB 2013 series and adds an additional two years to the debt schedule with a final maturity on September 1, 2022. During the year the district issued two new bonds (GOB Series 2017 and GOB Series 2018) in the amount of \$10,000,000 and \$45,860,000, respectively, for additions and renovations at several buildings throughout the District as well as issuance costs. In June of 2018, the District issued a 2018 General Obligation note in the amount of \$5,155,000 to currently refund the 2019 debt service payment from the GOB 2013 series as well as pay for issuance costs. During the year, the District made payments against interest of \$717,850, resulting in ending outstanding debt as of June 30, 2018 of \$82,158,853. The District is scheduled to make principal and interest payments on this debt totaling \$2,092,169 during the 2018-2019 fiscal year.

The District's general obligation bond rating is a Standard & Poor's: A (Stable Outlook).

Other long-term obligations include accrued vacation pay and sick leave for specific employees of the District, as well as retirement incentive and retiree health insurance obligations. More detailed information about our long-term liabilities is included in Notes 11 and Note 13 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The same factors that influenced the past few years will continue to impact 2018-2019 budget with expenditures outpacing generally flat revenues. The long-term outlook for the District has the following characteristics:

- Uncertain State and Federal funding
- Key cost drivers include salaries, pension funding, health care, and special education costs
- Declining enrollment and increasing Charter School expense

The comparison of revenue and expenditure categories is as follows:

Table A-5

**BUDGETED REVENUES**

	<b>2018-2019</b>	<b>2017-2018</b>
<b>Local</b>	<b>60%</b>	<b>62%</b>
<b>State</b>	<b>37%</b>	<b>35%</b>
<b>Federal/Other</b>	<b>3%</b>	<b>3%</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (Continued)**

BUDGETED EXPENDITURES

	<b>2018-2019</b>	<b>2017-2018</b>
<b>Instruction</b>	64%	64%
<b>Support Services</b>	26%	27%
<b>Non-Instruction/Community</b>	2%	2%
<b>Fund Transfers/Debt</b>	8%	7%

**LABOR RELATIONS**

The District's teachers are represented by the Woodland Hills Education Association (WHEA), an affiliation of the Pennsylvania State Education Association (PSEA). This group has the responsibility of bargaining for all the District's teachers, librarians, counselors, nurses and long-term substitutes. The District and the WHEA have agreed to a four year contract which will end on the day preceding the first work day of the 2021-2022 school year.

The District's non-professional employees are represented by the Woodland Hills Educational Support Professionals Association (WHESPA); also an affiliation of the Pennsylvania State Educational Association (PSEA). This group bargains for secretaries, bookkeepers, clerks, paraprofessionals, monitors, custodial and maintenance personnel. The District and WHESPA have also agreed to a four year contract which will end June 30, 2022.

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the office of the Business Manager for the Woodland Hills School District, 531 Jones Avenue, North Braddock, PA, (412) 731-1300.



**WOODLAND HILLS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 58,707,238	\$ 37,002	\$ 58,744,240
Investments	14,695,047	758,092	15,453,139
Accounts Receivable	74,895	-	74,895
Taxes Receivable	9,106,117	-	9,106,117
Due From Other Governments	3,978,492	346,554	4,325,046
Internal Balances	22,162	(22,162)	-
Prepaid Assets	713,998	-	713,998
Inventory	-	15,119	15,119
Capital Assets:			
Land	1,945,170	-	1,945,170
Construction in Progress	4,860,119	-	4,860,119
Site Improvements (Net)	4,958,242	-	4,958,242
Building and Building Improvements (Net)	39,614,749	-	39,614,749
Furniture and Equipment (Net)	1,729,860	80,093	1,809,953
<b>Total Assets</b>	<b>140,406,089</b>	<b>1,214,698</b>	<b>141,620,787</b>
<b>Deferred Outflows of Resources</b>			
Deferred Interest on Refunding	1,033,904	-	1,033,904
Deferred Outflows related to Pensions	16,077,302	-	16,077,302
Deferred Outflows related to OPEB - Retirees Health Plan	1,141,699	-	1,141,699
Deferred Outflows related to OPEB - PSERS	367,039	-	367,039
<b>Total Deferred Outflows of Resources</b>	<b>18,619,944</b>	<b>-</b>	<b>18,619,944</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	4,700,685	624,327	5,325,012
Accrued Expenses	7,598,028	-	7,598,028
Accrued Interest Payable on Debt	552,610	-	552,610
Unearned Revenues	14,499	17,403	31,902
Other Current Liabilities	22,932	-	22,932
Current Portions of Long-Term Liabilities:			
Bonds and Notes Payable	5,000	-	5,000
Non-Current Portions of Long-Term Liabilities:			
Bonds and Notes Payable	82,153,853	-	82,153,853
Net Pension Liability	103,468,708	-	103,468,708
Other Post Employment Benefits	16,052,548	-	16,052,548
Compensated Absences	134,149	-	134,149
<b>Total Liabilities</b>	<b>214,703,012</b>	<b>641,730</b>	<b>215,344,742</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows related to Pensions	1,965,803	-	1,965,803
Deferred Inflows related to OPEB - Retirees Health Plan	820,951	-	820,951
Deferred Inflows related to OPEB - PSERS	165,521	-	165,521
<b>Total deferred inflows of resources</b>	<b>2,952,275</b>	<b>-</b>	<b>2,952,275</b>
<b>Net Position</b>			
Net Investment in Capital Assets	29,210,591	80,093	29,290,684
Restricted Net Position			
Program Purposes	71,010	-	71,010
Unrestricted	(87,910,855)	492,875	(87,417,980)
<b>Total Net Position</b>	<b>\$ (58,629,254)</b>	<b>\$ 572,968</b>	<b>\$ (58,056,286)</b>

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
<b>Governmental Activities:</b>							
Instruction	\$ 63,304,620	\$ 156,073	\$ 12,655,460	\$ -	\$ (50,493,087)	\$ -	\$ (50,493,087)
Instructional Student Support	5,713,628	31,584	1,345,864	-	(4,336,180)	-	(4,336,180)
Administrative and Financial Support Services	7,286,061	-	834,214	-	(6,451,847)	-	(6,451,847)
Operation and Maintenance of Plant Services	6,038,028	-	278,071	-	(5,759,957)	-	(5,759,957)
Pupil Transportation	6,788,822	44,365	3,538,823	-	(3,205,634)	-	(3,205,634)
Student Activities	1,514,453	39,220	-	-	(1,475,233)	-	(1,475,233)
Community Services	412,288	38,440	-	-	(373,848)	-	(373,848)
Interest on Long-Term Debt	1,272,458	-	-	-	(1,272,458)	-	(1,272,458)
<b>Total Governmental Activities</b>	<b>92,330,358</b>	<b>309,682</b>	<b>18,652,432</b>	<b>-</b>	<b>(73,368,244)</b>	<b>-</b>	<b>(73,368,244)</b>
<b>Business-Type Activities:</b>							
Food Service	2,486,199	124,310	2,449,492	-	-	87,603	87,603
<b>Total Business-Type Activities</b>	<b>2,486,199</b>	<b>124,310</b>	<b>2,449,492</b>	<b>-</b>	<b>-</b>	<b>87,603</b>	<b>87,603</b>
<b>Total Primary Government</b>	<b>\$ 94,816,557</b>	<b>\$ 433,992</b>	<b>\$ 21,101,924</b>	<b>\$ -</b>	<b>\$ (73,368,244)</b>	<b>\$ 87,603</b>	<b>\$ (73,280,641)</b>
<b>General Revenues:</b>							
Taxes:							
Property					47,516,378	-	47,516,378
Other Taxes Levied					6,330,390	-	6,330,390
Property Tax Relief					2,211,657	-	2,211,657
Basic Subsidy Contributions					15,773,674	-	15,773,674
Investment Earnings					286,884	5,835	292,719
Miscellaneous					195,522	-	195,522
<b>Total General Revenues</b>					<b>72,314,505</b>	<b>5,835</b>	<b>72,320,340</b>
<b>Change in Net Position</b>					<b>(1,053,739)</b>	<b>93,438</b>	<b>(960,301)</b>
Net Position - Beginning (as restated, Note 19)					(57,575,515)	479,530	(57,095,985)
<b>Net Position - Ending</b>					<b>\$ (58,629,254)</b>	<b>\$ 572,968</b>	<b>\$ (58,056,286)</b>

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

**EXHIBIT C**

	<b>GENERAL FUND</b>	<b>--- CAPITAL PROJECT FUNDS --- CAPITAL RESERVE FUND</b>	<b>CAPITAL PROJECT FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,006,579	\$ 11,103	\$ 57,689,556	\$ 58,707,238
Investments	13,861,124	388,923	445,000	14,695,047
Taxes Receivable, net	9,106,117	-	-	9,106,117
Due From Other Funds	22,162	-	-	22,162
Due From Other Governments	3,978,492	-	-	3,978,492
Other Receivables	74,895	-	-	74,895
Prepaid Expenses	713,998	-	-	713,998
<b>TOTAL ASSETS</b>	<b>\$ 28,763,367</b>	<b>\$ 400,026</b>	<b>\$ 58,134,556</b>	<b>\$ 87,297,949</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 4,246,450	\$ 7,187	\$ 447,048	\$ 4,700,685
Accrued Salaries and Benefits	7,598,028	-	-	7,598,028
Unearned Revenues	14,499	-	-	14,499
Other Current Liabilities	22,932	-	-	22,932
<b>TOTAL LIABILITIES</b>	<b>\$ 11,881,909</b>	<b>\$ 7,187</b>	<b>\$ 447,048</b>	<b>\$ 12,336,144</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>				
Delinquent Real Estate Taxes	\$ 8,034,972	\$ -	-	\$ 8,034,972
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>\$ 8,034,972</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,034,972</b>
<b>FUND BALANCES:</b>				
Nonspendable	\$ 713,998	\$ -	\$ -	\$ 713,998
Restricted	71,010	-	-	71,010
Assigned	-	392,839	57,687,508	58,080,347
Unassigned	8,061,478	-	-	8,061,478
<b>TOTAL FUND BALANCES</b>	<b>\$ 8,846,486</b>	<b>\$ 392,839</b>	<b>\$ 57,687,508</b>	<b>\$ 66,926,833</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 28,763,367</b>	<b>\$ 400,026</b>	<b>\$ 58,134,556</b>	<b>\$ 87,297,949</b>

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Amounts reported for governmental activities in the Statement of Net Position are different because:

<b>Total fund balances of governmental funds</b>		<b>\$</b>	<b>66,926,833</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$109,149,726 and the accumulated depreciation is \$56,041,586.			53,108,140
Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.			8,034,972
Long-term liabilities such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.			
Long-term Bonds and Notes Payable	\$	(82,158,853)	
Deferred Interest on Refunding		1,033,904	
Accrued interest		(552,610)	
Other Post Employment Benefits		(16,052,548)	
Net Pension Liability		(103,468,708)	
Deferred Inflows of Resources - Pension		(1,965,803)	
Deferred Outflows of Resources - Pension		16,077,302	
Deferred Inflows of Resources - OPEB		(986,472)	
Deferred Outflows of Resources - OPEB		1,508,738	
Compensated absences		(134,149)	
		(186,699,199)	
<b>Total net position of governmental activities</b>			<b>\$ (58,629,254)</b>

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	----- CAPITAL PROJECT FUNDS -----		TOTAL GOVERNMENTAL FUNDS
		CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	
<b>REVENUES</b>				
Local Sources	\$ 55,862,149	\$ 7,528	\$ 96,272	\$ 55,965,949
State Sources	32,409,478	-	-	32,409,478
Federal Sources	3,178,523	-	-	3,178,523
<b>Total Revenue</b>	<b>91,450,150</b>	<b>7,528</b>	<b>96,272</b>	<b>91,553,950</b>
<b>EXPENDITURES</b>				
Instruction	62,170,562	-	-	62,170,562
Support Services	24,692,135	-	1,067,206	25,759,341
Noninstructional Services	1,575,728	-	-	1,575,728
Capital Outlay	-	635,120	4,594,724	5,229,844
Debt Service	5,882,850	-	5,406,318	11,289,168
Refund Prior Year Revenues	76,032	-	-	76,032
<b>Total Expenditures</b>	<b>94,397,307</b>	<b>635,120</b>	<b>11,068,248</b>	<b>106,100,675</b>
<b>Excess ( Deficiency) of Revenue over Expenditures</b>	<b>(2,947,157)</b>	<b>(627,592)</b>	<b>(10,971,976)</b>	<b>(14,546,725)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	108,755	705,388	-	814,143
Operating Transfers Out	(705,388)	-	(108,755)	(814,143)
Bond Proceeds	-	-	61,045,000	61,045,000
Sale of Property	1,800	-	-	1,800
Insurance Recoveries	6,213	-	-	6,213
Original Issue Premium	-	-	5,012,645	5,012,645
<b>Total Other Financing Sources (Uses)</b>	<b>(588,620)</b>	<b>705,388</b>	<b>65,948,890</b>	<b>66,065,658</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,535,777)</b>	<b>77,796</b>	<b>54,976,914</b>	<b>51,518,933</b>
FUND BALANCE - JULY 1, 2017	12,783,260	315,043	2,710,594	15,808,897
Prior Period Adjustment	(400,997)	-	-	(400,997)
<b>FUND BALANCE - JUNE 30, 2018</b>	<b>\$ 8,846,486</b>	<b>\$ 392,839</b>	<b>\$ 57,687,508</b>	<b>\$ 66,926,833</b>

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Amounts reported for governmental activities in the Statement of Activities are different because:

<b>Net Change in fund balances - total governmental funds</b>		<b>\$ 51,518,933</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:		
Capital outlays	5,011,759	
Depreciation expense	<u>(3,099,637)</u>	1,912,122
Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position:		
Debt principal repayments	10,520,000	
Proceeds from long-term debt	(61,045,000)	
Issuance Premium	(5,012,645)	
Amortization of deferred interest	(459,504)	
Change in accrued interest	(306,539)	
Amortization of bond premium	<u>262,753</u>	(56,040,935)
Governmental funds do not report the changes in the Pension expense:		
Change in Net Pension Liability	(3,760,372)	
Pension Expense	<u>1,441,078</u>	(2,319,294)
Governmental funds do not report the changes in compensated absences:		
		19,509
Governmental funds do not report the changes in the Other Post Employment Benefit liability:		
		4,065,238
Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences:		
Current year	8,034,972	
Prior year	<u>(8,244,284)</u>	<u>(209,312)</u>
<b>Changes in net position of governmental activities</b>		<b><u>\$ (1,053,739)</u></b>

**WOODLAND HILLS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<b><u>FOOD SERVICES</u></b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash (Note 2)	\$ 37,002
Investments (Note 2)	758,092
Due From Other Governments (Note 4)	346,554
Inventories	15,119
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$ 1,156,767</u></b>
<b>Noncurrent Assets:</b>	
Furniture and Equipment (net) (Note 8)	80,093
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>80,093</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,236,860</u></b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Due To Other Funds (Note 14)	\$ 22,162
Accounts Payable	624,327
Unearned Revenues (Note 6)	17,403
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>663,892</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>663,892</u></b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	80,093
Unrestricted	492,875
<b>TOTAL NET POSITION</b>	<b><u>572,968</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 1,236,860</u></b>

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>FOOD SERVICES</b>
<b><u>OPERATING REVENUES</u></b>	
Food Services Revenue	\$ 124,310
<b>Total Operating Revenues</b>	<b>124,310</b>
 <b><u>OPERATING EXPENSES</u></b>	
Purchased Property Service	30,816
Other Purchased Service - Contracted Services (Nutrition)	2,309,007
Supplies	123,810
Depreciation	20,963
Other Operating Expenditures	1,603
<b>Total Operating Expenses</b>	<b>2,486,199</b>
<b>OPERATING LOSS</b>	<b>(2,361,889)</b>
 <b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Earnings on investments	5,835
State sources	91,960
Federal sources	2,357,532
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,455,327</b>
<b>CHANGE IN NET POSITION</b>	<b>93,438</b>
NET POSITION - JULY 1, 2017	479,530
<b>NET POSITION - JUNE 30, 2018</b>	<b>\$ 572,968</b>

The accompanying notes are an integral part of these financial statements



**WOODLAND HILLS SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b><u>FOOD SERVICES</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash Received from Users	\$ 126,406
Cash Payments to Suppliers for Goods and Services	<u>(2,032,845)</u>
<b>Net Cash (Used for) Operating Activities</b>	<b><u>(1,906,439)</u></b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>	
State Sources	91,960
Federal Sources	<u>2,241,485</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b><u>2,333,445</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Earnings on Investments	5,835
(Increase) Decrease in Deposits to PSDLAF Investment Account	<u>(424,023)</u>
<b>Net Cash Used in Investing Activities</b>	<b><u>(418,188)</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,818</b>
CASH AND CASH EQUIVALENTS - JULY 1, 2017	<u>28,184</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2018</b>	<b><u>\$ 37,002</u></b>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</u></b>	
Operating Loss	\$ (2,361,889)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>	
Increase (Decrease) in Cash and Cash Equivalents	
Depreciation	20,963
Other Adjustments - Donated Commodities	116,048
(Increase) Decrease in Advances to Other Fund	7,159
(Increase) Decrease in Accounts Receivable	<u>(32,273)</u>
(Increase) Decrease in Inventories	11,981
Increase (Decrease) in Accounts Payable	323,273
Increase (Decrease) in Advances from Other Funds	22,157
Increase (Decrease) in Unearned Revenue	<u>(13,858)</u>
<b>Total Adjustments</b>	<b><u>455,450</u></b>
<b>NET CASH (USED FOR) OPERATING ACTIVITIES</b>	<b><u>\$ (1,906,439)</u></b>
<b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>	
During the year, the District recognized \$116,048 of food commodities expense from the U.S. Department of Agriculture.	

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<b><u>PRIVATE PURPOSE TRUST FUNDS</u></b>	<b><u>AGENCY FUNDS</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 23,469	\$ 128,730
<b>TOTAL ASSETS</b>	<b><u>\$ 23,469</u></b>	<b><u>\$ 128,730</u></b>
<b>LIABILITIES</b>		
Other Current Liabilities	\$ -	\$ 128,730
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 128,730</u></b>
<b>NET POSITION</b>		
Restricted	\$ 23,469	\$ -
<b>TOTAL NET POSITION</b>	<b><u>\$ 23,469</u></b>	<b><u>\$ -</u></b>

The accompanying notes are an integral part of these financial statements

**WOODLAND HILLS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b><u>PRIVATE PURPOSE TRUST FUND</u></b>
<b>ADDITIONS</b>	
Gifts and Contributions	\$ 1,200
Other Additions	<u>105</u>
<b>DEDUCTIONS</b>	
Scholarships Awarded	<u>2,400</u>
<b>CHANGE IN NET POSITION</b>	<b>(1,095)</b>
<b>NET POSITION - JULY 1, 2017</b>	<u><b>24,564</b></u>
<b>NET POSITION - JUNE 30, 2018</b>	<u><u><b>\$ 23,469</b></u></u>

The accompanying notes are an integral part of these financial statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Woodland Hills School District was established under the authority of an act of the state legislature that designated a school board as the governing body. The District operates two elementary schools, one intermediate school for grades 4-6, the Academy for grades K-8, a secondary campus for grades 7-12, and one alternative program for grades 2-12. This District serves twelve surrounding municipalities, which include the Township of Wilkins and the Boroughs of Braddock, Braddock Hills, Chalfant, Churchill, East Pittsburgh, Edgewood, Forest Hills, North Braddock, Rankin, Swissvale and Turtle Creek. The District operates under a locally-elected nine member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The District's Board members are elected by regions. The Board of Education has complete authority over the operations and administration of the School District's activities.

The financial statements of the Woodland Hills School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Woodland Hills School District consists of all funds, departments, boards and agencies that are not legally separate from the District. As defined by GASB Statement No. 61, component units are legally separate entities that are included in the School Districts reporting entity because of the significance of their operating or financial relationships with the School District. Accordingly, the accompanying financial statements include the operations of the Carnegie Free Library of Swissvale.

**CARNEGIE FREE LIBRARY OF SWISSVALE**

The Carnegie Free Library of Swissvale was originally operated and controlled through a Board of seven library trustees, during the years 1916 through 1972, with funding mainly coming from the Borough of Swissvale and the Swissvale School District. In 1972, the library board was dissolved, with the control and responsibility for the library turned over to the Swissvale School District. At this time, the Borough of Swissvale's financial responsibility was limited to \$7,000 annually. In 1975, the Swissvale Area School District agreed to release the Borough from its annual obligation, in exchange for a 99 year lease of approximately 11 acres of land to be used as part of the grounds for the Swissvale Area High School. In 1981, the Swissvale Area School District was consolidated with other area districts to form the Woodland Hills School District. Accordingly, the Woodland Hills School District assumed responsibility for the operation of the Library and use of the library building. The main sources of funding for the library currently come from the Pennsylvania Department of Education State Library, the Allegheny County Library Association, the Woodland Hills School District general fund, and program service fees charged by the library for various services provided. Library revenues totaling \$137,827 are included as part of 'local source's revenues in Exhibit E and includes a donation of \$2,000. Library expenditures totaling \$189,742 are included as part of 'Operation and Maintenance of Plant Service's and 'Community Service's in Exhibit E. Therefore, the excess of expenditures over revenues totaling \$51,915 is absorbed by the District's General Fund. The net book value of library capital assets and the related depreciation is reflected on the District's government-wide financial statements (See Note 8).

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****REPORTING ENTITY (Continued)**

The School District is associated with three jointly governed organizations (Note 12), and one public entity risk pool (Note 15). These organizations are:

- Jointly Governed Organizations:
  - Forbes Road Career and Technical Center
  - Allegheny Intermediate Unit
  - Eastern Area Special Schools Joint Committee - Sunrise School
- Public Entity Risk Pool:
  - Allegheny County Schools Health Insurance Consortium

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School 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. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies 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 School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the School District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For Woodland Hills School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds are segregated and presented in a single column. Fiduciary funds are reported by fund type.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****BASIS OF PRESENTATION (Continued)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

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

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The general fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**CAPITAL PROJECT FUNDS:**

**CAPITAL RESERVE FUND** - The capital reserve fund accounts for financial resources used for the acquisition of capital assets, as deemed necessary by the Board of Education, other than those financed through the District's Capital Project Fund. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, the Capital Reserve Fund is considered a Capital Project Fund for reporting purposes.

**CAPITAL PROJECT FUND** - The capital project fund accounts for financial resources used for the acquisition, construction, or improvement of capital facilities and other assets financed through the issuance of general obligation bonds.

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

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the school district (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund, which accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The School District maintains a private-purpose trust fund for student scholarships. The School District also maintains an Agency Fund which accounts for various student organization activity accounts administered by the District on behalf of the various student organizations.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within ninety days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Woodland Hills School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2018 under the modified accrual basis are **(1)** wage, real estate transfer, and delinquent real estate taxes for the month of June collected in July, **(2)** federal and state subsidies earned in the fiscal year 2017-2018, and **(3)** other miscellaneous revenues earned in fiscal year 2017-2018 but received subsequent to June 30, 2018. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflow of resource's.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2018, are those for which the Board of Education's intention was to expense these items as budgeted for the 2017-2018 official budget, and for which the District has incurred an obligation during 2018, but has not paid as of June 30, 2018.

Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**BUDGETS**

On June 21, 2017, the Woodland Hills School District adopted its fiscal year June 30, 2018 annual budget for the general fund totaling \$92,768,065 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. Budgetary transfers among various expenditure line items can be performed by the District, as approved by the Board of Education, only during the last nine months of the fiscal year. The original and adjusted budgetary amounts are reflected in these financial statements (page 46). All annual appropriations of the general fund lapse at fiscal year-end.

**CASH AND CASH EQUIVALENTS**

For the purposes of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, bank certificates of deposit and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**INVESTMENTS**

Investments include deposits pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF). Investments are stated at fair value. State statutes authorize the School District to invest in:

- I. U.S Treasury Bills.
- II. Short-term obligations of the United States Government or its agencies or instrumentalities.
- III. Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation.
- IV. Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation and National Credit Union Share Insurance Fund.
- V. Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation and National Credit Union Share Insurance Fund.
- VI. Obligations of the United States of America, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities backed by the full faith and credit of the governmental units.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****INVESTMENTS (Continued)**

- VII. Shares of an investment company registered under the Investment Company Act of 1940, and registered under the Securities Act of 1933.
- VIII. Any investment authorized by 20 Pa. C.S. Ch. 73 relating to fiduciaries investments.

Act 10 of 2016 broadened the scope of investment options for the District with safeguard measures to protect those investments. The Act added high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the authorized list of investments.

Pooled investments (PLGIT and PSDLAF) do not operate under the provisions of the Public School Code. These investments are authorized under the Intergovernmental Cooperation Act of 1972.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental inter-fund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit G) are recorded at a combination of actual cost and fair value on a first-in first-out basis. This inventory consists of purchased food and supplies and donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books (with the exception of library books) and supplies, but rather records these items as expenditures in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position. All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$4,000. The cost of infrastructure assets are included as part of site improvements in the government-wide statement of net position and have been retroactively stated and valued in accordance with generally accepted accounting principles. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****CAPITAL ASSETS AND DEPRECIATION (Continued)**

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

<u>CATEGORY</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS TYPE ACTIVITIES</u>
Site Improvements	20 years	N/A
Buildings and Improvements	20-50 Years	N/A
Furniture and Equipment	5-20 years	5-12 years
Vehicles	8 Years	N/A
Library Books	6 Years	N/A

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E).

The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**LONG-TERM DEBT FINANCING COSTS**

Bond issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. On September 17, 2017, The Board of School Directors adopted a Resolution to authorize the issuance for General Obligation Bonds in the amount of \$10,000,000. On June 27, 2018, The Board of School Directors adopted a Resolution to authorize the issuance for General Obligation Bonds in the amount of \$45,860,000 and General Obligation Notes in the amount of \$5,185,000. The cost of issuance for these Bonds and Notes was \$269,465.

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 11.

**PSERS NET OPEB LIABILITY**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. 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. More information on OPEB activity is included in Note 13.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Sick leave and severance benefits are accrued as a liability at the time individuals become eligible for retirement in accordance with the terms of the District's collective bargaining agreements. The District is not liable for payment of accumulated sick time upon resignation or termination prior to retirement eligibility. Vacation leave is accrued as the individual earns the time. The entire compensated absences liability of \$134,149 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as an expenditure when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund statement of net position (Exhibit G).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences, retiree health benefits and health insurance consortium liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned Revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****NET POSITION (Continued)**

- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of ‘restricted’ or ‘net investment in capital assets’.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND BALANCE**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity’s fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory and prepaid expenditures) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose.

Act 48 of 2003 prohibits school districts from increasing real property taxes unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district’s total budgeted expenditures. For the Woodland Hills School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures. The District’s unassigned General Fund balance at June 30, 2018 was approximately 8% of its 2018-2019 budgeted expenditures. There was not, however, an increase in real property taxes.

The School District establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has given authority to assign fund balance to the Business Manager.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****FUND BALANCE (Continued)**

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Woodland Hills School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are **(1)** investment earnings and **(2)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS****CASH DEPOSITS:**

At June 30, 2018, Woodland Hills School District had the following carrying values on its cash and cash equivalents with PNC Bank and PLGIT checking accounts:

	<b><u>BANK BALANCE</u></b>	<b><u>CARRYING VALUE</u></b>
General Fund	\$ 1,718,580	\$ 1,006,579
Capital Reserve Fund	11,103	11,103
Capital Projects Fund	57,691,231	57,689,556
Enterprise Fund	37,002	37,002
Private Purpose Trust Fund	24,669	23,469
Agency Funds	130,887	128,730
	<b><u>\$ 59,613,472</u></b>	<b><u>\$ 58,896,439</u></b>

The difference between the bank balance and the carrying value represents reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)****Custodial Credit Risk:**

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 School District's investment policy complies with Section 440.1 of the Public School Code of 1949 with the primary objectives being safety, liquidity and yield. As of June 30, 2018, \$59,363,473 of the School District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name. The District's investment policy requires a written safe keeping agreement and/or Act 72 agreement with each financial institution acting as depository. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value and maturity term of the District's investments as of June 30, 2018 are as follows:

	<u>Fair Value</u>	<u>No Stated Maturity</u>	<u>2-12 Months</u>
<b>Governmental:</b>			
PSDLAF	\$ 4,195,026	\$ 4,195,026	\$ -
PSDLAF - Flex	6,700,000	-	6,700,000
PSDLAF - Capital Reserve	388,923	-	388,923
PLGIT	2,966,098	1,484,098	1,482,000
PLGIT - Capital Projects	445,000	-	445,000
	<u>\$ 14,695,047</u>	<u>\$ 5,679,124</u>	<u>\$ 9,015,923</u>
<b>Business-Type:</b>			
PSDLAF	<u>\$ 758,092</u>	<u>\$ 758,092</u>	<u>\$ -</u>

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF) is to enable their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares.

As of June 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2018 all of the District's investments are Level 1 inputs.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. PLGIT and PSDLAF are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The District does not have a specific policy that would limit its investment choices to those with certain credit ratings. These Trusts purchase only money market instruments of the type in which Pa Local Governments are permitted to invest funds and comply with all regulations.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)****Interest Rate Risk:**

The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's certificates of deposit maturities are between 2-12 months.

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy, in addition to the requirements of the Pennsylvania School Code that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of June 30, 2018, PLGIT was rated AAAm, and PSDLAF was rated AAAm, by the Standard & Poors nationally recognized statistical rating organization.

**NOTE 3 - PROPERTY TAXES**

The Woodland Hills School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2017-2018 fiscal year was 25.35 mills, which represents \$25.35 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid within 2 months of the tax bill. Taxes paid after 4 months of the date of the tax notice are assessed a 10% penalty. Unpaid taxes are submitted to Jordan Tax Services for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy. The final tax collector reconciliations reflected \$3,959,350 in unpaid 2017 property taxes, which represents 7% of the total assessed property taxes \$48,840,678 for the fiscal year.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of \$10,713,296 net of an allowance for doubtful accounts of \$2,678,324, totaling \$8,034,972. Management estimates that approximately 25% of prior years' property taxes receivable will be uncollectible based on past collection experience. For purposes of the governmental fund financial statements, the above property taxes receivable (net), although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to deferred inflow of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

Taxes receivable are comprised of the following at June 30, 2018:

Property Taxes (Net)	\$ 8,034,972
Delinquent Taxes	349,869
Wage Taxes	664,616
Deed Transfer Taxes	56,660
	<u>\$ 9,106,117</u>

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'Due from Other Governments' is comprised of the following:

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS TYPE ACTIVITIES</b>
Commonwealth of Pennsylvania:		
State Subsidies	\$ 2,480,466	\$ 13,919
Federal Grants	499,607	332,635
Access	364,954	-
Charter Schools	313,085	-
Miscellaneous	320,380	-
	<u>\$ 3,978,492</u>	<u>\$ 346,554</u>

**NOTE 5 – OTHER RECEIVABLES**

The amount of 'Other Accounts Receivable', as reflected on the government-wide statement of net position for governmental activities is comprised of 1) fringe benefits receivable of \$2,181 2) Tuition Receivable of \$24,471 and 3) miscellaneous amounts of \$48,243.

**NOTE 6 – UNEARNED REVENUES**

Unearned revenue is comprised of the following:

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS TYPE ACTIVITIES</b>	<b>TOTAL</b>
AIU Pass-thru funds	\$ 2,892	\$ -	\$ 2,892
Contributions (Private Sources)	10,000	-	10,000
Prepayments	1,607	-	1,607
Student Account Balances	-	2,284	2,284
Donated Commodities	-	15,119	15,119
	<u>\$ 14,499</u>	<u>\$ 17,403</u>	<u>\$ 31,902</u>

**NOTE 7 - OTHER CURRENT LIABILITIES**

The 'Other Current Liabilities' balance of \$22,932 represents (1) escheated property in escrow for the State of Pennsylvania totaling \$2,006 and (2) taxes held in escrow \$20,926.



**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2017-2018 fiscal year was as follows:

	<b>Balance 7/1/2017 *Restated*</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/2018</b>
<b>Governmental Activities</b>				
Land	\$ 1,945,170	\$ -	\$ -	\$ 1,945,170
Site Improvements	9,151,188	1,086,844	(112,479)	10,125,553
Building and Improvements	84,310,580	609,038	(771,088)	84,148,530
Furniture and Equipment	8,081,274	381,597	(392,517)	8,070,354
Construction in Progress	1,925,839	3,167,333	(233,053)	4,860,119
	<u>\$ 105,414,051</u>	<u>\$ 5,244,812</u>	<u>\$ (1,509,137)</u>	<u>\$ 109,149,726</u>
<b>Less: Accumulated depreciation</b>				
Site Improvements	\$ (4,924,307)	\$ (355,483)	\$ 112,479	\$ (5,167,311)
Building and Improvements	(42,849,842)	(2,455,027)	771,088	(44,533,781)
Furniture and Equipment	(6,443,884)	(289,127)	392,517	(6,340,494)
	<u>\$ (54,218,033)</u>	<u>\$ (3,099,637)</u>	<u>\$ 1,276,084</u>	<u>\$ (56,041,586)</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$ 51,196,018</u></b>	<b><u>\$ 2,145,175</u></b>	<b><u>\$ (233,053)</u></b>	<b><u>\$ 53,108,140</u></b>
<b>Business-Type Activities</b>				
Furniture and Equipment	\$ 679,406	\$ -	\$ -	\$ 679,406
Less: Accumulated Depreciation	(578,350)	(20,963)	-	(599,313)
<b>Business-Type Activities Capital Assets, Net</b>	<b><u>\$ 101,056</u></b>	<b><u>\$ (20,963)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 80,093</u></b>

Included within the above totals are the following fixed asset summaries for the 2017-2018 fiscal year:

The District's Carnegie Free Library of Swissvale, Athletic Facilities, and the District's vacant/closed buildings and land (Shaffer, Dickson, the old Administration Building and the Eastmont property).

	<b>Balance 6/30/2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/2018</b>
<b>CARNEGIE FREE LIBRARY OF SWISSVALE:</b>				
Land	\$ 5,425	\$ -	\$ -	\$ 5,425
Building and Improvements	118,749	-	-	118,749
	<u>\$ 124,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,174</u>
<b>Less: Accumulated depreciation</b>				
Building and Improvements	\$ (82,872)	\$ (1,985)	-	\$ (84,857)
<b>Capital Assets, Net</b>	<b><u>\$ 41,302</u></b>	<b><u>\$ (1,985)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 39,317</u></b>

**NOTE 8 - CAPITAL ASSETS (Continued)**

	<b>Balance 6/30/2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/2018</b>
<b>ATHLETIC FACILITIES:</b>				
Land	\$ 156,675	\$ -	\$ -	\$ 156,675
Site Improvements	5,124,727	1,011,075	(14,089)	6,121,713
Building and Improvements	9,412,285	36,411	(188,973)	9,259,723
Furniture and Equipment	164,615	-	-	164,615
Construction in Progress	165,160	-	(165,160)	-
	<u>\$ 15,023,462</u>	<u>\$ 1,047,486</u>	<u>\$ (368,222)</u>	<u>\$ 15,702,726</u>
<b>Less: Accumulated depreciation</b>				
Site Improvements	\$ (2,724,154)	\$ (222,867)	\$ 14,089	\$ (2,932,932)
Building and Improvements	(3,574,711)	(360,039)	115,742	(3,819,008)
Furniture and Equipment	(149,898)	(4,320)	-	(154,218)
	<u>\$ (6,448,763)</u>	<u>\$ (587,226)</u>	<u>\$ 129,831</u>	<u>\$ (6,906,158)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 8,574,699</u></b>	<b><u>\$ 460,260</u></b>	<b><u>\$ (238,391)</u></b>	<b><u>\$ 8,796,568</u></b>
<b>VACANT BULDINGS:</b>				
Land	\$ 306,850	\$ -	\$ -	\$ 306,850
Site Improvements	228,996	-	(98,390)	130,606
Building and Improvements	2,206,260	-	(390,171)	1,816,089
Furniture and Equipment	1,300,111	-	(522,493)	777,618
Construction in Progress	-	1,324,696	-	1,324,696
	<u>\$ 4,042,217</u>	<u>\$ 1,324,696</u>	<u>\$ (1,011,054)</u>	<u>\$ 4,355,859</u>
<b>Less: Accumulated depreciation</b>				
Site Improvements	\$ (222,659)	\$ (1,131)	93,179	\$ (130,611)
Building and Improvements	(2,128,382)	(33,949)	335,671	(1,826,660)
Furniture and Equipment	(1,116,435)	(12,796)	439,032	(690,199)
	<u>\$ (3,467,476)</u>	<u>\$ (47,876)</u>	<u>\$ 867,882</u>	<u>\$ (2,647,470)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 574,741</u></b>	<b><u>\$ 1,276,820</u></b>	<b><u>\$ (143,172)</u></b>	<b><u>\$ 1,708,389</u></b>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,109,147
Instructional Student Support	84,990
Operation and Maintenance of Plant Services	449,290
Pupil Transportation	74,460
Student Activities	381,750
	<u>\$ 3,099,637</u>

**NOTE 9 - LONG-TERM LIABILITIES****GENERAL OBLIGATION BONDS - SERIES OF 2013**

In July of 2013, The Woodland Hills School District issued General Obligation Bonds ("GOB"), Series of 2013 in the amount of \$31,165,000. The proceeds from the bond issues were planned to be used for **(1)** advance refund the District's Series D of 2005 General Obligation Bond Issue and **(2)** pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between .9% and 5.0% with maturity scheduled for September 1, 2020. The bonds do not provide for early redemption options for the school district as more fully described in the detailed Official Statement.

A summary of the Woodland Hills School District's 2013 general obligation bonds outstanding at June 30, 2018 is as follows:

<b><u>YEAR END JUNE 30,</u></b>	<b><u>2013 PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL PAYMENT</u></b>
2019	\$ -	\$ -	\$ -
2020	5,480,000	165,201	5,645,201
2021	4,580,000	54,960	4,634,960
Total	<u>\$ 10,060,000</u>	<u>\$ 220,161</u>	<u>\$ 10,280,161</u>

**GENERAL OBLIGATION BONDS - SERIES OF 2016**

In September of 2016, the District issued a taxable bond (GOB Series 2016) for \$5,455,000. The proceeds were used to refinance the debt service payment from the GOB 2013 series and added an additional two years to the debt schedule, with a final payment on March 1, 2023.

A summary of the Woodland Hills School District's 2016 general obligation bonds outstanding at June 30, 2018 is as follows:

<b><u>JUNE 30,</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>PAYMENT</u></b>
2019	\$ 5,000	\$ 121,345	\$ 126,345
2020	5,000	121,235	126,235
2021	5,000	121,125	126,125
2022	4,685,000	69,535	4,754,535
2023	750,000	9,000	759,000
Total	<u>\$ 5,450,000</u>	<u>\$ 442,240</u>	<u>\$ 5,892,240</u>

**GENERAL OBLIGATION BONDS - SERIES OF 2017**

In October of 2017, the District issued General Obligation Bonds, Series of 2017 in the amount of \$10,000,000. The proceeds from the bond issues were planned to be used for add-ons and renovations at several buildings throughout the District: Jr/Sr High School; Intermediate School Building; Rankin School Building; and the Swissvale Library Building. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 1.10% and 3.50% with maturity scheduled for September 1, 2047.

**NOTE 9 - LONG-TERM LIABILITIES (Continued)****GENERAL OBLIGATION BONDS - SERIES OF 2017 (Continued)**

A summary of the Woodland Hills School District's 2017 general obligation bonds outstanding at June 30, 2018 is as follows:

<b>YEAR END JUNE 30,</b>	<b>2017 PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL PAYMENT</b>
2019	\$ -	\$ 308,104	\$ 308,104
2020	5,000	308,076	313,076
2021	5,000	308,076	313,076
2022	5,000	307,946	312,946
2023	5,000	307,868	312,868
2024-2028	1,460,000	1,465,188	2,925,188
2029-2033	1,655,000	1,274,904	2,929,904
2034-2038	1,920,000	1,009,207	2,929,207
2039-2043	2,260,000	665,625	2,925,625
2044-2048	2,685,000	241,172	2,926,172
Total	<u>\$ 10,000,000</u>	<u>\$ 6,196,166</u>	<u>\$ 16,196,166</u>

**GENERAL OBLIGATION BONDS - SERIES OF 2018**

In June of 2018, the District issued General Obligation Bonds, Series of 2018 in the amount of \$45,860,000. The proceeds from the bond issues were planned to be used for add-ons and renovations at several buildings throughout the District: Jr/Sr High School; Intermediate School Building; Rankin School Building; and the Swissvale Library Building as well as issuance costs. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 2.0% and 5.0% with maturity scheduled for September 1, 2048.

A summary of the Woodland Hills School District's 2018 general obligation bonds outstanding at June 30, 2018 is as follows:

<b>YEAR END JUNE 30,</b>	<b>2018 PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL PAYMENT</b>
2019	\$ -	\$ 1,526,944	\$ 1,526,944
2020	5,000	2,252,818	2,257,818
2021	5,000	2,252,714	2,257,714
2022	5,000	2,252,602	2,257,602
2023	5,000	2,252,485	2,257,485
2024-2028	4,070,000	10,972,462	15,042,462
2029-2033	6,295,000	9,687,375	15,982,375
2034-2038	8,080,000	7,898,750	15,978,750
2039-2043	10,380,000	5,603,250	15,983,250
2044-2048	13,325,000	2,655,125	15,980,125
2049	3,690,000	92,250	3,782,250
Total	<u>\$ 45,860,000</u>	<u>\$ 47,446,775</u>	<u>\$ 93,306,775</u>

**NOTE 9 - LONG-TERM LIABILITIES (Continued)****GENERAL OBLIGATION NOTES – SERIES A OF 2018**

In June of 2018, the District issued General Obligation Notes, Series A of 2018 in the amount of \$5,185,000. The proceeds were used to currently refund the 2019 debt service payment from the GOB 2013 series as well as pay for issuance costs. The notes were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 2.0% and 4.0% with maturity scheduled for September 1, 2023. The refunding resulted in a difference between the cash flow required to service the old debt and that required to service the new debt of \$51,318. The refunding also resulted in an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$39,331.

A summary of the Woodland Hills School District's Series A of 2018 general obligation notes outstanding at June 30, 2018 is as follows:

<b>YEAR END JUNE 30,</b>	<b>Series A of 2018 PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL PAYMENT</b>
2019	\$ -	\$ 130,776	\$ 130,776
2020	5,000	192,898	197,898
2021	5,000	192,794	197,794
2022	5,000	192,682	197,682
2023	2,535,000	145,862	2,680,862
2024	2,635,000	49,550	2,684,550
<b>Totals</b>	<b>\$ 5,185,000</b>	<b>\$ 904,562</b>	<b>\$ 6,089,562</b>

In connection with the School District's General Obligation Bond issues, the District received approximately \$9,445,505 in bond premiums. This premium is being amortized on a straight-line basis over the life of the bond issue. The un-accreted portion of these premiums totaling \$5,603,853 is included as part of the long-term portion of bonds payable in the statement of net position (Exhibit A). Final accretion of bond premium totaled \$262,753 for the year ended June 30, 2018 and was charged to the 'Interest on Long-Term Debt' expense category.

In connection with the District's refunding of its Series of 1999 and 2005D General Obligation Bond Issues, the District recognized \$4,525,298 in deferred interest on advance refunding. This deferred interest is being amortized on a straight-line basis over the life of the bond issue. The remaining amount of deferred interest on refunding totaling \$1,033,904 is reflected as a component of 'deferred outflow of resources' in the governmental activities column on the government-wide statement of net position.

Total amortization of these amounts for the 2017-2018 fiscal year was \$459,504 and was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

The following represents the changes in the District's long-term liabilities during the 2017-2018 fiscal year:

	<b>Balance 6/30/2017 *Restated*</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6/30/2018</b>	<b>Due Within One Year</b>
General Obligation Bonds	\$ 26,030,000	\$ 61,045,000	\$ 10,520,000	\$ 76,555,000	\$ 5,000
Bond Premium	853,961	5,012,645	262,753	5,603,853	-
Compensated Absences	153,658	-	19,509	134,149	-
Pension Liability	99,708,336	3,760,372	-	103,468,708	-
OPEB Obligation	19,595,520	-	3,542,972	16,052,548	-
	<u>\$ 146,341,475</u>	<u>\$ 69,818,017</u>	<u>\$ 14,345,234</u>	<u>\$ 201,814,258</u>	<u>\$ 5,000</u>

**NOTE 10 – OPERATING LEASES**

On August 18, 2011 the Woodland Hills School District signed a five-year rental lease agreement with ComDoc for Smart Printing at a monthly rate of \$10,102.41. In January of 2016, the District renegotiated the contract with ComDoc, for a minimum monthly rate of \$15,578. In August of 2015, the District entered into a 4 year lease to purchase agreement with HP Financial for laptops, to be paid annually in the amount of \$62,220.64. In September of 2015, the District entered into a 4 year lease agreement with Laurel Capital for computers at a monthly rate of \$4,273. On October 9, 2013, the District entered into a 5 year lease with Neopost for the postage machine rental at a monthly rate of \$318.05. On July 1, 2017, the District entered into a 4 year lease with Laurel Capital for computers and projectors at a monthly rate of \$4,334. During the 2017-2018 fiscal year the District paid \$300,859 in operating lease payments. The future annual lease payments are as follows:

<b>YEAR END JUNE 30,</b>	
2019	\$ 165,507
2020	52,010
2021	52,010
	<u>\$ 269,527</u>

**NOTE 11 - PENSION PLAN**

The Woodland Hills School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description:**

**Name of Plan:** Public School Employees' Retirement System (the System).

**Type of Plan:** Governmental cost-sharing multiple-employer defined-benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

**Authority:** The contribution policy is established in the Public School Employees' Retirement Code.

**NOTE 11 - PENSION PLAN (Continued)**

**Annual Financial Report:** The System issues a *Comprehensive Annual Financial Report (CAFR)* that includes financial statements and required supplementary information for the plan. The CAFR is available on the Publications page of the PSERS website, [www.psers.state.pa.us](http://www.psers.state.pa.us).

**Benefits Provided:**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with a least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than ninety two with a minimum of thirty-five years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service.

For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

**Contribution Rates:**

**Member Contributions** - Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class TC) or at 7.5% (Membership Class TD) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class TD).

For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

**NOTE 11 - PENSION PLAN (Continued)**

**Employer Contributions** - Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2018, the rate of employer's contribution was 32.57% of covered payroll. The 32.57% is comprised of a pension contribution rate of 31.74% for pension benefits and 0.83% for healthcare insurance premium assistance.

Contributions to the pension plan from the District for the year ended June 30, 2018 were \$9,027,977.

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

At June 30, 2018, the District reported a liability of \$103,468,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the District's proportion was 0.2095 percent, which was an increase of 0.0083 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$10,683,685. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 809,572	\$ 385,603
Changes in assumptions	1,873,992	-
Net difference between projected and actual investment earnings	2,029,761	-
Changes in proportions	2,336,000	1,580,200
Contributions subsequent to the measurement date	9,027,977	-
	<u>\$ 16,077,302</u>	<u>\$ 1,965,803</u>

The \$9,027,977 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2019	\$ 2,744,627
2020	1,919,274
2021	419,621
	<u>\$ 5,083,522</u>



**NOTE 11 - PENSION PLAN (Continued)****Actuarial Assumptions**

The total pension liability as of June 30, 2017 was determined by rolling forward the System's total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal – level % of pay
Salary increases	5.00 percent, average, including inflation of 2.75 percent, and real wage growth and merit or seniority increases of 2.25%
Investment rate of return	7.25 percent, net of pension plan investment expense, includes inflation of 2.75%

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

**Investment Asset Allocation**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.1%
Fixed Income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLP's	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	-20.0%	1.1%
Total	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

**NOTE 11 - PENSION PLAN (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
School District's proportionate share of the net pension liability	<u>\$ 127,361,000</u>	<u>\$ 103,468,708</u>	<u>\$ 83,297,000</u>

**Pension plan fiduciary net position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS****FORBES ROAD CAREER AND TECHNOLOGY CENTER**

The Woodland Hills School District, in conjunction with nine other School Districts, funds the operating and capital budget of the Forbes Road Career & Technology Center. The Technology Center is designed to teach students trade related professions. Each district's share of tuition is based on the percentage of the district's enrollment to the total enrollment at the Forbes Road Career & Technology Center. A representative from each district's school board sits on the board of the Technology Center. The Forbes Road Career & Technology Center issues separate financial statements annually which can be obtained by contacting the Technology Center directly. The District's share paid to Forbes Road Career and Technology Center in 2017-2018 was \$738,206.

**ALLEGHENY INTERMEDIATE UNIT**

The Woodland Hills School District participates with 42 other School Districts and 5 Vocational-Technical schools located in Allegheny County in the Allegheny Intermediate Unit #3 (AIU3). The AIU3 was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 42 school districts, as well as nonpublic schools and other institutions, located within Allegheny County. The AIU3 provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight.

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

The Allegheny Intermediate Unit is governed by a thirteen (13) member board appointed by the 42 participating school districts on a rotating basis. The School District contributed \$58,841 to AIU3 for operating expenses, transportation recovery, and institutionalized children, through state subsidy withholdings, for the year-ended June 30, 2018. The Allegheny Intermediate Unit issues separate financial statements annually which can be obtained by contacting the AIU directly.

**EASTERN AREA SPECIAL SCHOOLS JOINT COMMITTEE - SUNRISE SCHOOL**

The Eastern Area Special Schools Joint Committee, was formed by a jointure of area school districts to provide facilities for special education instruction to students of the member districts. The jointure’s members are the following districts: Allegheny Valley, East Allegheny, Gateway, Penn Hills, Plum Borough, Riverview, Wilksburg, and Woodland Hills. The member districts are not included in the Joint Committee’s reporting entity nor are the actual operations of the special education programs included. The special education services are provided and operated by the Allegheny Intermediate Unit. Each district’s share of membership is based on the individual district’s assessed value to the total of all members assessed value and the project addition share is divided equally among all members. A representative from each member district’s school board sits on the board of the Joint Committee. The Eastern Area Special Schools Joint Committee Sunrise School issues separate financial statements annually which can be obtained by contacting the school directly. The District’s contribution for the 2017-2018 fiscal year was \$16,122.

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**Plan Description**

The District administers a single-employer defined benefit healthcare plan (the “Retiree Health Plan”). The Plan provides for post-employment health care benefits to all eligible employees and their spouses per the terms of the District’s various collective bargaining agreements. To be eligible, participants must have completed a specified number of years of service depending on the date of their retirement. The Retiree Health Plan covers both active and retired members. Benefit provisions are established and may be amended through negotiation with the District and the unions representing the District’s employees. The Retiree Health Plan does not issue a publicly available financial report.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	71
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	517
	<u>588</u>

*Funding Policy.* No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change.

*Total OPEB Liability.* The District’s total OPEB liability of \$11,784,170 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

Inflation	2.5 percent
Salary Increases	Composed of 1.0 percent real wage growth and merit increases which vary by age from 2.75 - 0.0 percent.
Discount rate	3.13 percent
Healthcare cost trend rates	6.0 percent for 2017, and 5.5 percent from 2018 through 2023. Rates gradually decrease from 5.4% in 2024 to 3.9% percent in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. Retiree contributions are assumed to increase at the same rate as the Healthcare cost trend rate.

The discount rate was based on the S & P Municipal Bond 20 Year High Grade Rate Index at June 30, 2017.

Separate mortality rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement. A recent actuarial experience study was not performed.

**Changes in the Total OPEB Liability**

The District's total OPEB liability has been measured as of June 30, 2017. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, and by rolling forward the liabilities from the July 1, 2017 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$11,784,170, all of which is unfunded. As of June 30, 2018, the total OPEB liability of \$11,784,170 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its total OPEB liability for the year ended June 30, 2018 was as follows:

	<u>Governmental Activities</u>
Service cost	\$ 950,228
Interest	385,613
Changes of benefit terms	(2,783,275)
differences between expected and actual experience	(884,101)
Changes of assumptions or other inputs	193,207
Benefit payments	<u>(1,339,196)</u>
Net change in total OPEB liability	(3,477,524)
Total OPEB liability - June 30, 2016	15,261,694
Total OPEB liability - June 30, 2017	<u><u>\$ 11,784,170</u></u>

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized OPEB income of \$1,496,783. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 179,406	\$ -
Differences between expected and actual experience	-	820,951
Contributions subsequent to the measurement date	962,293	-
Total	<u>\$ 1,141,699</u>	<u>\$ 820,951</u>

\$962,293 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2018. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2019	\$ (49,349)
2020	(49,349)
2021	(49,349)
2022	(49,349)
2023	(49,349)
Thereafter	(394,800)
	<u>\$ (641,545)</u>

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1 percentage point higher (4.13 percent) than the current discount rate:

	<b>1% Decrease (2.13%)</b>	<b>Discount Rate (3.13%)</b>	<b>1% Increase (4.13%)</b>
District's total OPEB liability	\$ 12,722,141	\$ 11,784,170	\$ 10,910,336

*Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following shows presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point higher or 1 percentage point lower than the current healthcare cost trend rates:

	<b>1% Decrease Between 2.9% to 5%</b>	<b>Current Trend Rate Between 3.9% to 6%</b>	<b>1% Increase Between 4.9% to 7%</b>
District's total OPEB liability	\$ 10,401,120	\$ 11,784,170	\$ 13,452,257

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)****HEALTH INSURANCE PREMIUM ASSISTANCE PLAN**

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of services and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017 there were no assumed future benefit increases to participating eligible retirees.

*Employer Contributions.* The school districts' contractually required contribution rate for fiscal year ended June 30, 2018 was 0.83% of covered payroll, an actuarially determined amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PSERS Plan from the District were \$236,081 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$4,268,378 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2017, the District's proportion was 0.2095 percent, which was an increase of 0.0083 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$182,397. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	165,521
Net difference between projected and actual investment earnings	3,382	-
Changes in proportion	127,576	-
District contributions subsequent to the measurement date	236,081	-
Total	<u>\$ 367,039</u>	<u>\$ 165,521</u>

\$236,081 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2019	\$	(6,462)
2020		(6,461)
2021		(6,462)
2022		(7,589)
2023		(7,589)
	<u>\$</u>	<u>(34,563)</u>

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2017 was determined by rolling forward the System's total OPEB liability as of the June 30, 2016 actuarial valuation to June 30, 2017 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 3.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Premium assistance reimbursement capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the RP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre age 65 at 50%.
  - Eligible retirees will elect to participate post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Actuarial Assumptions (Continued)**

- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits). A recent actuarial experience study was not performed.

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. The Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017 were:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.4%	0.6%
Fixed Income	23.6%	1.5%
Total	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total OPEB liability was 3.13%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 3.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

**Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2017, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2016, 91,797 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2016, 1,354 members were receiving less than the maximum amount allowed of \$1200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.



**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates (Continued)**

The following presents the District’s Proportionate Share of the net OPEB liability as well as what the District’s Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	<u>1% Decrease</u> <u>Between 4% to 7%</u>	<u>Healthcare Cost</u> <u>Trend Rate</u> <u>Between 5% to 8%</u>	<u>1% Increase</u> <u>Between 6% to 9%</u>
District’s proportionate share of the net OPEB liability	\$ 4,267,000	\$ 4,268,378	\$ 4,269,000

**Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or higher (4.13 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.13%)</u>	<u>Discount Rate</u> <u>(3.13%)</u>	<u>1% Increase</u> <u>(4.13%)</u>
District’s proportionate share of net OPEB liability	\$ 4,852,000	\$ 4,268,378	\$ 3,784,000

**OPEB Plan Fiduciary Net Position**

Detailed information about PSERS’ fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System’s website at [www.psers.pa.gov](http://www.psers.pa.gov).

**NOTE 14 – INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of Interfund Receivables and Payables at June 30, 2018:

	<u>Due from</u>	<u>Due to</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 22,162	\$ -
Total Governmental Fund Type	<u>22,162</u>	<u>-</u>
<u>Enterprise Fund</u>		
Food Service	-	22,162
Total Enterprise Fund	<u>-</u>	<u>22,162</u>
Total Internal Balances	<u>\$ 22,162</u>	<u>\$ 22,162</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided, (2) reimbursable expenditures occur and (3) payments between funds are made.

**NOTE 15 - RISK MANAGEMENT****GENERAL INSURANCE**

The Woodland Hills School district is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties

**HEALTH INSURANCE**

The Woodland Hills School District is one of forty-seven members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The school district is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions by the District, as reported by the Consortium, totaled \$8,463,620 for the year ended June 30, 2018.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium's net position, as determined on the fiscal year-end date after withdrawal. As of June 30, 2018, the net assets available for benefits of the Consortium were \$64,048,819 of which \$2,191,008 is attributable to the Woodland Hills School District.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES****STATE AND FEDERAL SUBSIDIES**

The Woodland Hills School District state and federally funded programs are subject to audit by various governmental agencies. The District is potentially liable for any expenditure disallowed by the results of these audits.

**LEGAL**

The Charter School litigation regarding the per student tuition rate is still pending. The District has maintained the contingent liability, but this was reduced in 2016-2017 by \$300,000 upon review with the District's solicitor from \$1,081,825 to \$781,825.

There is still a few Allegheny County assessment appeals still unsettled. For the District, the remaining properties in question are primarily the larger commercial holdings. The Act of May 25, 1945 requires the property tax to be paid, regardless of the appeal status. There is approximately \$166,133 set aside from collected real estate revenues for those parcels currently under appeal that would be attributable to refunds in subsequent periods as the appeal process continues.

The District is party to various other legal actions filed against the District by third parties for situations and circumstances normally associated with School Districts. These actions are being defended by the District's legal counsel and/or insurance carriers. The potential outcome of these actions is not reasonably determined as of this date.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES (CONTINUED)****CONSTRUCTION COMMITMENTS**

During the fiscal year 2017-2018, the Woodland Hills School District entered into construction contracts for various capital projects totaling approximately \$6,406,000. Of this amount, \$832,500 was spent on updates and repairs to the Wolvarena, \$1,250,782 on the Dickson Intermediate project, and an additional \$1,315,264 was utilized for the District Wide Energy Savings project. Architect, engineering and construction management fees were also committed as the District continues to invest in improvements to the Secondary Campus and the revitalized Intermediate Building. The construction commitments are being funded from the District's Capital Reserve and Capital Project Funds.

**NOTE 17 – ADOPTION OF GASB STATEMENTS**

The School District adopted the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The adoption of this statement resulted in a restatement of the District's OPEB liability and additional note disclosures.

The School District adopted the provisions of GASB Statement No. 85, "Omnibus 2017". The adoption of this statement had no effect on previously reported amounts.

The School District adopted the provisions of GASB Statement No. 86, "Certain Debt Extinguishment Issues". The adoption of this statement had no effect on previously reported amounts.

**NOTE 18 – PENDING GASB PRONOUNCEMENTS**

In November of 2016, the GASB issued Statement No. 83 "Certain Asset Retirement Obligations". The District is required to adopt Statement No. 83 for its fiscal year 2019 financial statements.

In January 2017, the GASB issued Statement No. 84 "Fiduciary Activities". The District is required to adopt Statement No. 84 for its fiscal year 2019 financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases". The District is required to adopt Statement No. 87 for its fiscal year 2020 financial statements.

In April of 2018, The GASB issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". The District is required to adopt statement No. 88 for its fiscal year 2019 financial statements.

In June of 2018, The GASB issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The District is required to adopt statement No. 89 for its fiscal year 2020 financial statements.

In August of 2018, The GASB issued Statement No. 90 "Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)". The District is required to adopt statement No. 90 for its fiscal year 2019 financial statements.

The School District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

**NOTE 19 – RESTATEMENT OF NET POSITION**

The following restatement was necessary to reflect changes required by the District's adoption of GASB Statement No. 75 "Accounting and Financial Reporting for Post Employment Benefits other than Pensions." In addition, the following restatements were necessary to reflect the understatement in the Capital Assets beginning balance due to various reclassifications and the prior period adjustment for Judgments Payable.

## Governmental Activities

Net Position at July 1, 2017 as previously reported	\$ (45,778,897)
Understatement of OPEB Liability due to GASB 75 adoption - PSERS	(4,333,826)
Understatement of OPEB Liability due to GASB 75 adoption - Retirees Health Plan	(7,455,567)
Prior Period Adjustment for Judgments Payable	(400,997)
Understatement of Capital Assets	<u>393,772</u>
Net Position at July 1, 2017 as restated	<u>\$ (57,575,515)</u>

**NOTE 20 – EXCESS OF EXPENDITURES OVER APPROPRIATION IN MAJOR FUND**

For the Year ended June 30, 2018, the General Fund's total expenditures exceeded total appropriations by \$1,441,712 or 1.55%.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**WOODLAND HILLS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Local Sources	\$ 54,332,601	\$ 54,411,105	\$ 55,862,149	\$ 1,451,044
State Sources	31,174,812	31,174,998	32,409,478	1,234,480
Federal Sources	2,661,585	3,107,408	3,178,523	71,115
Other Financing Sources	9,150,000	9,150,000	116,768	(9,033,232)
<b>Total Revenues</b>	<b>\$ 97,318,998</b>	<b>\$ 97,843,511</b>	<b>\$ 91,566,918</b>	<b>\$ (6,276,593)</b>
<b>EXPENDITURES</b>				
Regular Programs	\$ 37,292,350	\$ 37,013,702	\$ 38,646,646	\$ (1,632,944)
Special Programs	21,106,042	21,243,313	22,413,788	(1,170,475)
Vocational Programs	900,000	900,000	738,206	161,794
Other Instructional Programs	64,180	120,192	88,776	31,416
Non Public Programs	70,000	132,041	130,146	1,895
Pre-Kindergarten	152,814	153,000	153,000	-
Pupil Personnel Services	2,606,914	2,559,610	2,733,394	(173,784)
Instructional Staff Services	1,319,155	1,881,834	1,423,351	458,483
Administrative Services	5,080,051	5,196,876	5,080,941	115,935
Pupil Health	779,545	787,245	752,727	34,518
Business Services	600,339	601,099	558,320	42,779
Operation & Maintenance of Plant Services	5,973,380	5,973,380	5,718,686	254,694
Student Transportation Services	7,158,035	7,091,639	6,847,503	244,136
Central Services	1,613,778	1,681,317	1,518,372	162,945
Other Support Services	70,000	70,000	58,841	11,159
Student Activities	1,299,071	1,299,571	1,155,238	144,333
Community Services	291,251	306,123	420,490	(114,367)
Refund Prior Year Revenues	-	-	76,032	(76,032)
Debt Service	5,824,160	5,944,653	5,882,850	61,803
<b>Total Expenditures</b>	<b>\$ 92,201,065</b>	<b>\$ 92,955,595</b>	<b>\$ 94,397,307</b>	<b>\$ (1,441,712)</b>
<b>Excess ( Deficiency) of Revenues over Expenditures</b>	<b>\$ 5,117,933</b>	<b>\$ 4,887,916</b>	<b>\$ (2,830,389)</b>	<b>\$ (7,718,305)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	\$ 67,000	\$ 67,000	\$ 705,388	\$ 638,388
Budgetary Reserve	500,000	269,982	-	(269,982)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 567,000</b>	<b>\$ 336,982</b>	<b>\$ 705,388</b>	<b>\$ 368,406</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 5,684,933</b>	<b>\$ 5,224,898</b>	<b>\$ (3,535,777)</b>	<b>\$ (7,349,899)</b>
FUND BALANCE - JULY 1, 2017	6,306,244	6,306,244	12,783,260	6,477,016
Prior Period Adjustment	-	-	(400,997)	(400,997)
<b>FUND BALANCE - JUNE 30, 2018</b>	<b>\$ 11,991,177</b>	<b>\$ 11,531,142</b>	<b>\$ 8,846,486</b>	<b>\$ (1,273,880)</b>

WOODLAND HILLS SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - RETIREES HEALTH PLAN  
 JUNE 30, 2018

	<u>2017</u>
<b>Total OPEB liability</b>	
Service cost	\$ 950,228
Interest	385,613
Changes of benefit terms	(2,783,275)
Differences between expected and actual experience	(884,101)
Changes of assumptions or other inputs	193,207
Benefit payments	<u>(1,339,196)</u>
Net change in total OPEB liability	(3,477,524)
Total OPEB liability - beginning	<u>15,261,694</u>
Total OPEB liability - ending	<u>\$ 11,784,170</u>
<b>Covered payroll</b>	<b>\$ 28,798,403</b>
<b>School District's total OPEB liability as a percentage of covered payroll</b>	<b>40.92%</b>

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WOODLAND HILLS SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN  
 JUNE 30, 2018

		<b><u>2018</u></b>
District's proportion of the net OPEB liability		0.2095%
District's proportionate share of the net OPEB liability	\$	4,268,378
District's covered payroll	\$	27,891,434
District's proportionate share of the net OPEB liability as a percentage of its covered payroll		15%
Plan fiduciary net position as a percentage of the total OPEB liability		6%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



WOODLAND HILLS SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN  
 JUNE 30, 2018

	<u>2017</u>	<u>2018</u>
Contractually determined contribution	\$ 231,499	\$ 236,081
Contributions in relation to the actuarially determined contribution	<u>243,553</u>	<u>236,081</u>
Contribution deficiency	<u>\$ (12,054)</u>	<u>\$ -</u>
Covered payroll	\$ 27,891,434	\$ 28,443,532
Contributions as a percentage of covered payroll	0.87%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Woodland Hills School District  
Schedules of Required Supplementary Information  
SCHEDULE OF THE DISTRICT'S PRPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
Teachers Pension Plan  
Last 10 Fiscal Years\*  
(Dollar amounts in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Districts proportion of the net pension liability	0.2116%	0.2090%	0.2012%	0.2095%
District's proportionate share of the net pension liability	\$ 83,753	\$ 90,529	\$ 99,708	\$ 103,469
District's covered-employee payroll	\$ 26,996	\$ 26,889	\$ 26,056	\$ 27,891
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.24%	336.68%	382.67%	370.98%
Plan fiduciary net position as a percentage of the total pension liability	57.24%	54.36%	50.14%	51.84%

SUPPLEMENTARY

\* The amounts presented for each fiscal year were determined as of 06/30

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available

Woodland Hills School District  
Schedules of Required Supplementary Information  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
Teachers Pension Plan  
Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 4,610,170	\$ 5,795,418	\$ 6,717,767	\$ 8,568,370	\$ 9,027,977
Contributions in relation to the contractually required contribution	4,610,170	5,795,418	6,717,767	8,568,370	9,027,977
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 26,995,800	\$ 26,888,772	\$ 26,055,963	\$ 27,891,434	\$ 28,443,532
Contributions as a percentage of covered-employee payroll	17.08%	21.55%	25.78%	30.72%	31.74%

SUPPLEMENTARY

<p>This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available</p>
--

OTHER  
SUPPLEMENTARY  
INFORMATION

**WOODLAND HILLS SCHOOL DISTRICT  
COMPARATIVE STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - FOOD SERVICES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash (Note 2)	\$ 37,002	\$ 28,184
Investments (Note 2)	758,092	334,069
Due From Other Funds	-	7,159
Due From Other Governments (Note 14)	346,554	314,064
Other Accounts Receivable	-	218
Inventories	15,119	27,099
<b>TOTAL CURRENT ASSETS</b>	<b>1,156,767</b>	<b>710,793</b>
<b>Noncurrent Assets:</b>		
Furniture and Equipment (net) (Note 8)	80,093	101,056
<b>TOTAL NONCURRENT ASSETS</b>	<b>80,093</b>	<b>101,056</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,236,860</b>	<b>\$ 811,849</b>
 <b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Due To Other Funds (Note 14)	\$ 22,162	\$ 5
Accounts Payable	624,327	301,054
Unearned Revenues (Note 6)	31,260	17,403
<b>TOTAL CURRENT LIABILITIES</b>	<b>663,892</b>	<b>332,319</b>
<b>TOTAL LIABILITIES</b>	<b>663,892</b>	<b>332,319</b>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	80,093	101,056
Unrestricted	492,875	378,474
<b>TOTAL NET POSITION</b>	<b>572,968</b>	<b>479,530</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,236,860</b>	<b>\$ 811,849</b>

**WOODLAND HILLS SCHOOL DISTRICT**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS - FOOD SERVICES**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b><u>OPERATING REVENUES</u></b>		
Food Services Revenue	\$ 124,310	\$ 139,196
<b>Total Operating Revenues</b>	<b>124,310</b>	<b>139,196</b>
<b><u>OPERATING EXPENSES</u></b>		
Purchased Property Service	30,816	5,069
Other Purchased Service - Contracted Services (Nutrition)	2,309,007	2,315,630
Supplies	123,810	112,607
Depreciation	20,963	20,065
Other Operating Expenditures	1,603	1,251
<b>Total Operating Expenses</b>	<b>2,486,199</b>	<b>2,454,622</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(2,361,889)</b>	<b>(2,315,426)</b>
<b><u>NONOPERATING REVENUES</u></b>		
Earnings on investments	5,835	1,370
State sources	91,960	98,835
Federal sources	2,357,532	2,456,399
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,455,327</b>	<b>2,556,604</b>
<b>CHANGE IN NET POSITION</b>	<b>93,438</b>	<b>241,178</b>
NET POSITION - JULY 1, 2017	479,530	238,352
<b>NET POSITION - JUNE 30, 2018</b>	<b>\$ 572,968</b>	<b>\$ 479,530</b>

**WOODLAND HILLS SCHOOL DISTRICT**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - FOOD SERVICES**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash Received from Users	\$ 126,406	\$ 133,646
Cash Payments to Suppliers for Goods and Services	(2,032,845)	(2,348,674)
<b>Net Cash Used for Operating Activities</b>	<b>(1,906,439)</b>	<b>(2,215,028)</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
State Sources	91,960	98,835
Federal Sources	2,241,485	2,346,137
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>2,333,445</b>	<b>2,444,972</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Earnings on Investments	5,835	1,370
Decrease in Deposits to PSDLAF Investment Account	(424,023)	(238,909)
<b>Net Cash Used in Investing Activities</b>	<b>(418,188)</b>	<b>(237,539)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,818</b>	<b>(7,595)</b>
CASH AND CASH EQUIVALENTS - JULY 1, 2017	28,184	35,779
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2018</b>	<b>\$ 37,002</b>	<b>\$ 28,184</b>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</u></b>		
Operating Loss	\$ (2,361,889)	\$ (2,315,426)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>		
Increase (Decrease) in Cash and Cash Equivalents		
Depreciation	20,963	20,065
Other Adjustments - Donated Commodities	116,048	110,262
(Increase) Decrease in Advances to Other Fund	7,159	(7,159)
(Increase) Decrease in Accounts Receivable	(32,273)	68,636
(Increase) Decrease in Inventories	11,981	(10,894)
Increase (Decrease) in Accounts Payable	323,273	(91,404)
Increase (Decrease) in Advances from Other Funds	22,157	5
Increase (Decrease) in Unearned Revenue	(13,858)	10,887
<b>Total Adjustments</b>	<b>455,450</b>	<b>100,398</b>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>\$ (1,906,439)</b>	<b>\$ (2,215,028)</b>

**NONCASH NONCAPITAL FINANCING ACTIVITIES:**

During the years ended June 30, 2018 and 2017, the District recognized \$116,048 and \$110,262 respectively of food commodities expense from the U.S. Department of Agriculture.

**Woodland Hills School District**

**SINGLE AUDIT REPORT**

**YEAR ENDED JUNE 30, 2018**





# *Zelenkofske Axelrod LLC*

*CERTIFIED PUBLIC ACCOUNTANTS*

*Experience. Expertise. Accountability.*

## 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

To the Members of the Board  
Woodland Hills School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of WOODLAND HILLS SCHOOL DISTRICT, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise WOODLAND HILLS SCHOOL DISTRICT's basic financial statements, and have issued our report thereon dated December 3, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered WOODLAND HILLS 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 WOODLAND HILLS SCHOOL DISTRICT's internal control. Accordingly, we do not express an opinion on the effectiveness of WOODLAND HILLS 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 WOODLAND HILLS SCHOOL DISTRICT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



## *Zelenkofske Axlerod LLC*

*CERTIFIED PUBLIC ACCOUNTANTS*

*Experience. Expertise. Accountability.*

To the Members of the Board  
Woodland Hills School District  
Page 58

### **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.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania  
December 3, 2018



***Zelenkofske Axelrod LLC***

***CERTIFIED PUBLIC ACCOUNTANTS***

*Experience. Expertise. Accountability.*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Members of the Board  
Woodland Hills School District

**Report on Compliance for Each Major Federal Program**

We have audited WOODLAND HILLS SCHOOL DISTRICT's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Compliance Supplement that could have a direct and material effect on each of WOODLAND HILLS SCHOOL DISTRICT's major federal programs for the year ended June 30, 2018. WOODLAND HILLS SCHOOL DISTRICT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of WOODLAND HILLS SCHOOL DISTRICT's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WOODLAND HILLS 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 WOODLAND HILLS SCHOOL DISTRICT's compliance.

**Opinion on Each Major Federal Program**

In our opinion, WOODLAND HILLS 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, 2018.



To the Members of the Board  
Woodland Hills School District  
Page 60

**Report on Internal Control Over Compliance**

Management of WOODLAND HILLS 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 WOODLAND HILLS SCHOOL DISTRICT's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WOODLAND HILLS 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Zelenkofske Axlerod LLC*

ZELENKOSFKE AXELROD LLC

Pittsburgh, Pennsylvania  
December 3, 2018

WOODLAND HILLS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

<u>FEDERAL GRANT/PASS THROUGH GRANTOR/PROJECT TITLE</u>	<u>FEDERAL CFDA #</u>	<u>PROJECT CODE</u>	<u>GRANT PERIOD</u>	<u>AWARD AMOUNT</u>	<u>TOTAL REC'D THIS PERIOD</u>	<u>ACCRUED (DEFERRED) REVENUE JULY 1</u>	<u>ADJUSTMENTS TO ACCRUED (DEFERRED) REVENUE JULY 1</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>	<u>ACCRUED (DEFERRED) JUNE 30</u>
<b>U.S. Department of Education</b>										
<b>Passed through PDE</b>										
Title I	84.010	013 160493	9/18/15-9/30/17	\$ 1,884,165	\$ -	\$ (8,966)		\$ 8,966	\$ 8,966	\$ -
Title I	84.010	013 170493	7/1/16-9/30/17	2,177,916	710,960	614,274	-	96,686	96,686	-
Title I	84.010	013 180493	7/1/17-9/30/18	2,003,422	1,437,527	-	-	1,856,254	1,856,254	418,727
Striving Readers	84.371	143 150493	10/1/15-9/30/16	865,872	292,445	290,142	2,303 ^	-	-	-
Striving Readers	84.371	143 160493	10/01/16-9/30/17	560,564	253,985	(60,501)		314,486	314,486	-
Title II - Improving Teacher Quality	84.367	020 170493	10/01/16-9/30/17	402,042	53,265	53,265	-	-	-	(1)
Title II - Improving Teacher Quality	84.367	020 180493	8/1/17-9/30/18	278,558	199,927	-	-	278,558	278,558	(1)
Title IV - Student Support and Academic Enrichment	84.424	144-180493	8/1/17-9/30/18	45,287	16,174	-	-	18,423	18,423	2,249
					<u>\$ 2,964,283</u>	<u>\$ 888,214</u>	<u>\$ 2,303</u>	<u>\$ 2,573,373</u>	<u>\$ 2,573,373</u>	<u>499,607</u>
<b>Passed through AIU</b>										
IDEA	84.027	062-18-0-003	7/1/17-9/30/18	996,362	996,362	-	-	996,362	996,362	-
IDEA Section 619	84.173	131-170-003	07/1/17-6/30/18	4,096	4,096	-	-	4,096	4,096	-
TITLE III	84.365	FA-999-15-0603	7/1/15-9/30/16	1,901	-	(293)	-	293	293	-
TITLE III	84.365	FA-010-17-0603	7/1/16-9/30/17	1,577	-	(1,577)	-	147	147	(1,430)
TITLE III	84.365	FA-010-18-0603	7/01/17- 9/30/18	1,462	1,462	-	-	1,462	-	(1,462)
					<u>\$ 1,001,920</u>	<u>\$ (1,870)</u>	<u>\$ -</u>	<u>\$ 1,002,360</u>	<u>\$ 1,000,898</u>	<u>(2,892)</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>					<u><b>\$ 3,966,203</b></u>	<u><b>\$ 886,344</b></u>	<u><b>\$ 2,303</b></u>	<u><b>\$ 3,575,733</b></u>	<u><b>\$ 3,574,271</b></u>	<u><b>496,715</b></u>
<b>U.S. Department of Agriculture</b>										
<b>Passed through PDE</b>										
Lunch Program	10.555 (2)	362	7/1/16-6/30/17	N/A	196,840	196,840	-	-	-	(1)
Lunch Program	10.555 (2)	362	7/1/17-6/30/18	N/A	1,257,846	-	-	1,481,861	1,481,861	(1)
Breakfast Program	10.553 (2)	365	7/1/16-6/30/17	N/A	78,181	78,181	-	-	-	(1)
Breakfast Program	10.553 (2)	365	7/1/17-6/30/18	N/A	519,346	-	-	612,240	612,240	(1)
Child Care	10.558	164	7/1/16-6/30/17	N/A	4,668	(3,073)	7,741 ^	-	-	(1)
Child Care	10.558	164	7/1/17-6/30/18	N/A	40,130	-	-	47,871	53,840	5,969
Summer Food	10.559	264	7/1/17-6/30/18	N/A	5,206	-	-	5,206	5,206	-
Fresh Fruit/Vegetable Program	10.582	362	7/1/16-6/30/17	N/A	21,876	21,876	-	-	-	-
Fresh Fruit/Vegetable Program	10.582	362	7/1/17-6/30/18	N/A	78,580	-	-	88,337	88,337	9,757
<b>Passed through PA Dept. of Agriculture</b>										
National School Lunch Program (Donated Commodities Non Cash Assistance)	10.555 (2)	N/A	7/1/16-6/30/17	N/A	104,067 *	10,894	- **	116,048	116,048	(1)
<b>TOTAL PA DEPARTMENT OF AGRICULTURE</b>					<u>\$ 2,306,740</u>	<u>\$ 304,718</u>	<u>\$ 7,741</u>	<u>\$ 2,351,563</u>	<u>\$ 2,357,532</u>	<u>\$ 344,616</u>
<b>U.S. Department of Health and Human Services</b>										
<b>Passed through PA Dept of Public Welfare</b>										
Title 19	93.778	N/A	7/1/16-6/30/17		35,801	35,801	-	-	-	-
Title 19	93.778	N/A	7/1/17-6/30/18		11,151	-	-	42,846	42,846	31,695
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					<u>\$ 46,952</u>	<u>\$ 35,801</u>	<u>\$ -</u>	<u>\$ 42,846</u>	<u>\$ 42,846</u>	<u>\$ 31,695</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					<u><b>\$ 6,319,895</b></u>	<u><b>\$ 1,226,863</b></u>	<u><b>\$ 10,044</b></u>	<u><b>\$ 5,970,142</b></u>	<u><b>\$ 5,974,649</b></u>	<u><b>\$ 873,026</b></u>

**Reconciliation with federal subsidy confirmation**

Per above	\$ 6,319,895
School Lunch/Breakfast matching subsidy	90,540
IDEA/RTT/Title III	(1,001,920)
Pre-K Counts Program	165,750
Donated commodities	(104,067)
Title 19	(35,801)
Medical Assistance - ACCESS	560,000
Per confirmation	<u>\$ 5,994,397</u>

- \* Total USDA Commodity Received
- \*\* Represents beginning inventory - 7/1/17
- \*\*\* Represents ending inventory - 6/30/18
- (1) Denotes Major Program
- (2) National School Lunch Program Cluster
- ^ Adjustments to prior year accrual/deferrals

WOODLAND HILLS SCHOOL DISTRICT  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1: REPORTING ENTITY

The Woodland Hills School District (the "School District") is the reporting entity for financial reporting purposes as defined in Note 1 to the School District's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared on the basis of accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems, issued by the Pennsylvania Department of Education. These practices, as they apply to the School District, are in conformity with U.S. generally accepted accounting principles. The District did not use the 10% de minimis indirect cost rate.

NOTE 3: PROGRAM CLUSTERS

The following program clusters, as defined by Uniform Guidance, were treated as a single program for determining major programs:

Cluster name	CFDA #	Amount
Child Nutrition Cluster	10.553	\$612,240
	10.555	1,597,909
		\$2,210,149

NOTE 4: RISK-BASED AUDIT APPROACH

The 2018 threshold for determining Type A and Type B Programs is \$750,000.

There following high-risk Type B Program was audited as major:

CFDA	Program
84.367	Title II – Improving Teacher Quality

The following low-risk Type A Programs were not audited as major:

CFDA	Program
84.010	Title I
84.027	IDEA

The amount expended under programs audited as major federal programs for the year ended June 30, 2018, totaled \$2,488,707 or 41.65% of total federal awards expended.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WOODLAND HILLS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results:

*Financial Statements*

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified not considered to be material weaknesses?  
 yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified not considered to be material weaknesses?  
 yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with  
2 CFR 200.516(a)  yes  no

Identification of major programs:

CFDA Number(s)

Name of Program or Cluster

10.553/10.555  
84.367

Child Nutrition Cluster  
Title II – Improving Teacher Quality

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

Auditee qualified as low-risk auditee?  yes  no



WOODLAND HILLS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Section II – Findings Relating to the Financial Statements Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

No matters were reported

Section III – Federal Awards Findings and Questioned costs.

No matters were reported.

Status of Prior Audit Findings

No matters were reported.

# STATISTICAL INFORMATION

**WOODLAND HILLS SCHOOL DISTRICT  
NET POSITION BY COMPONENT**

Fiscal Year	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>Governmental Activities</b>										
Net Investment in capital assets	\$ 10,006,459	\$ 13,279,035	\$ 15,630,716	\$ 20,329,239	\$ 22,730,288	\$ 25,783,042	\$ 29,155,509	\$ 26,408,298	\$ 25,411,782	\$ 29,210,591
Restricted	27,055,640	-					29,581	78,977	117,254	71,010
Unrestricted	(6,613,913)	21,441,598	18,505,623	17,289,408	8,058,265	8,018,495	(75,514,851)	(71,067,110)	(71,307,844)	(87,910,855)
Total governmental activities net position	<u>30,448,186</u>	<u>34,720,633</u>	<u>34,136,339</u>	<u>37,618,647</u>	<u>30,788,553</u>	<u>33,801,537</u>	<u>(46,329,761)</u>	<u>(44,579,835)</u>	<u>(45,778,808)</u>	<u>(58,629,254)</u>
<b>Business-type Activities</b>										
Net Investment in capital assets	15,191	40,733	70,529	145,163	128,995	142,205	141,185	121,121	101,056	80,093
Restricted										
Unrestricted	31,377	180,379	(70,917)	98,678	126,422	85,425	56,567	117,231	378,474	492,875
Total business-type activities net position	<u>46,568</u>	<u>221,112</u>	<u>(388)</u>	<u>243,841</u>	<u>255,417</u>	<u>227,630</u>	<u>197,752</u>	<u>238,352</u>	<u>479,530</u>	<u>572,968</u>
<b>Primary government</b>										
Net Investment in capital assets	10,021,650	13,319,768	15,701,245	20,474,402	22,859,283	25,925,247	29,296,694	26,529,419	25,512,838	29,290,684
Restricted	27,055,640	-					29,581	78,977	117,254	71,010
Unrestricted	(6,582,536)	21,621,977	18,434,706	17,388,086	8,184,687	8,103,920	(75,458,284)	(70,949,879)	(70,929,370)	(87,417,980)
Total primary government net position	<u>\$ 30,494,754</u>	<u>\$ 34,941,745</u>	<u>\$ 34,135,951</u>	<u>\$ 37,862,488</u>	<u>\$ 31,043,970</u>	<u>\$ 34,029,167</u>	<u>\$ (46,132,009)</u>	<u>\$ (44,341,483)</u>	<u>\$ (45,299,278)</u>	<u>\$ (58,056,286)</u>

Source: District Audited Financial Statements  
Exhibit A

**WOODLAND HILLS SCHOOL DISTRICT  
CHANGES IN NET POSITION**

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>Expenses</b>										
Instruction	\$ 49,883,966	\$ 53,940,662	\$ 53,133,614	\$ 51,947,151	\$ 51,286,554	\$ 54,842,898	\$ 58,859,590	\$ 57,708,511	\$ 64,190,885	\$ 63,304,620
Instructional Student Support	4,003,405	4,202,512	4,316,897	3,284,195	3,355,526	4,179,179	4,573,553	4,511,250	6,233,269	5,713,628
Administrative and Financial Support	5,743,448	6,269,526	6,293,937	6,046,961	6,061,930	6,775,421	6,782,861	6,639,754	6,439,117	7,286,061
Operation and Maintenance of Plant	6,256,960	6,403,243	6,419,807	5,543,337	5,311,243	5,866,732	6,003,216	5,477,507	5,791,529	6,038,028
Pupil Transportation	6,754,348	6,922,731	7,311,883	6,782,959	5,570,831	5,735,888	6,272,150	6,275,839	7,592,899	6,788,822
Student Activities	1,056,363	1,084,161	1,222,567	1,072,470	1,013,632	1,009,686	1,074,499	1,033,321	1,481,514	1,514,453
Community Services	571,160	620,105	604,100	588,029	565,503	630,338	634,061	267,845	316,190	412,288
Capital Outlay							4,730	-	-	-
Interest on Long Term Debt	2,579,882	2,435,918	2,210,887	2,170,812	1,802,923	1,076,216	1,288,620	1,035,525	945,088	1,272,458
<b>Total Government Activities</b>	<b>76,849,532</b>	<b>81,878,858</b>	<b>81,513,692</b>	<b>77,435,914</b>	<b>74,968,142</b>	<b>80,116,358</b>	<b>85,493,280</b>	<b>82,949,552</b>	<b>92,990,491</b>	<b>92,330,358</b>
<b>Business-type Activities</b>										
Food Services	2,178,985	2,213,097	2,606,387	2,399,332	2,398,974	2,324,820	2,654,428	2,706,365	2,454,622	2,486,199
<b>Total primary government expenses</b>	<b>79,028,517</b>	<b>84,091,955</b>	<b>84,120,079</b>	<b>79,835,246</b>	<b>77,367,116</b>	<b>82,441,178</b>	<b>88,147,708</b>	<b>85,655,917</b>	<b>95,445,113</b>	<b>94,816,557</b>
<b>Program revenues</b>										
<b>Governmental Activities</b>										
Charges for Services	311,105	540,921	436,087	350,866	325,059	358,087	433,574	338,944	254,878	309,682
Operating Grants and Contributions	18,215,413	22,658,196	20,328,813	14,857,226	15,828,138	14,838,234	15,515,818	16,934,102	19,256,263	18,652,432
Capital Grants and Contributions	1,173,162	1,162,666	914,577	831,243	844,405	858,372	857,670	451,591	-	-
<b>Total governmental program revenues</b>	<b>19,699,680</b>	<b>24,361,783</b>	<b>21,679,477</b>	<b>16,039,335</b>	<b>16,997,602</b>	<b>16,054,693</b>	<b>16,807,062</b>	<b>17,724,637</b>	<b>19,511,141</b>	<b>18,962,114</b>
<b>Business-type activities</b>										
Charges for Services	590,465	505,750	445,351	442,035	412,151	333,210	137,653	137,597	139,196	124,310
Operating Grants and Contributions	1,527,455	1,825,215	1,869,289	2,009,850	1,998,310	1,963,761	2,486,856	2,609,103	2,555,234	2,449,492
<b>Total business-type program revenues</b>	<b>2,117,920</b>	<b>2,330,965</b>	<b>2,314,640</b>	<b>2,451,885</b>	<b>2,410,461</b>	<b>2,296,971</b>	<b>2,624,509</b>	<b>2,746,700</b>	<b>2,694,430</b>	<b>2,573,802</b>
<b>Total primary government program revenues</b>	<b>21,817,600</b>	<b>26,692,748</b>	<b>23,994,117</b>	<b>18,491,220</b>	<b>19,408,063</b>	<b>18,351,664</b>	<b>19,431,571</b>	<b>20,471,337</b>	<b>22,205,571</b>	<b>21,535,916</b>

**WOODLAND HILLS SCHOOL DISTRICT  
CHANGES IN NET POSITION**

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Net revenues (expenses)										
Governmental activities	(57,149,852)	(57,517,075)	(59,834,215)	(61,396,579)	(58,814,945)	(64,061,665)	(68,686,218)	(65,224,915)	(73,479,350)	(73,368,244)
Business-type activities	(61,065)	117,868	(291,747)	52,553	11,487	(27,849)	(2,919)	40,335	239,808	87,603
Total primary governmental expense	<u>(57,210,917)</u>	<u>(57,399,207)</u>	<u>(60,125,962)</u>	<u>(61,344,026)</u>	<u>(58,803,458)</u>	<u>(64,089,514)</u>	<u>(68,689,137)</u>	<u>(65,184,580)</u>	<u>(73,239,542)</u>	<u>(73,280,641)</u>
General Revenues										
Governmental activities										
Taxes:										
Property taxes	\$ 43,807,060	\$ 48,507,698	\$ 46,911,841	\$ 48,035,785	\$ 50,228,754	\$ 52,234,746	\$ 53,594,657	\$ 51,426,028	\$ 56,326,411	\$ 56,058,425
Grants, subsidies, contributions	13,828,894	12,854,822	12,171,346	13,921,095	13,777,129	14,098,465	14,098,379	14,576,598	15,205,761	15,773,674
Investment earnings	1,366,692	423,994	147,948	86,280	68,061	57,011	42,093	49,288	128,399	286,884
Miscellaneous Income	40,443	40,798	88,786	350,175	724,172	684,427	320,769	295,744	959,953	193,722
Sale of Fixed Assets							5,303			1,800
Transfers	(21,705)	(37,790)	(70,000)	(170,000)	-	-	-	-	-	-
Total governmental activities	<u>59,021,384</u>	<u>61,789,522</u>	<u>59,249,921</u>	<u>62,223,335</u>	<u>64,798,116</u>	<u>67,074,649</u>	<u>68,061,201</u>	<u>66,347,658</u>	<u>72,620,524</u>	<u>72,314,505</u>
Business-type activities										
Investment earnings	1,570	632	247	223	89	61	41	265	1,370	5,835
Miscellaneous income				21,453	-	-	-	-	-	-
Transfers	21,705	37,790	70,000	170,000	-	-	-	-	-	-
Total business-type activities	<u>23,275</u>	<u>38,422</u>	<u>70,247</u>	<u>191,676</u>	<u>89</u>	<u>61</u>	<u>41</u>	<u>265</u>	<u>1,370</u>	<u>5,835</u>
Total primary government	<u>59,044,659</u>	<u>61,827,944</u>	<u>59,320,168</u>	<u>62,415,011</u>	<u>64,798,205</u>	<u>67,074,710</u>	<u>68,061,242</u>	<u>66,347,923</u>	<u>72,621,894</u>	<u>72,320,340</u>
Changes in net position										
Governmental activities	1,871,532	4,272,447	(584,294)	826,756	5,983,171	3,012,984	(625,017)	1,122,743	(858,826)	(1,053,739)
Business-type activities	(37,790)	156,290	(221,500)	244,229	11,576	(27,788)	(29,878)	40,600	241,178	93,438
Total primary government	<u>\$ 1,833,742</u>	<u>\$ 4,428,737</u>	<u>\$ (805,794)</u>	<u>\$ 1,070,985</u>	<u>\$ 5,994,747</u>	<u>\$ 2,985,196</u>	<u>\$ (654,895)</u>	<u>\$ 1,163,343</u>	<u>\$ (617,648)</u>	<u>\$ (960,301)</u>

Source: District Audited Financial Statements  
Exhibit B

**WOODLAND HILLS SCHOOL DISTRICT  
GOVERNMENTAL FUNDS- FUND BALANCES**

Fiscal Year	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,454	\$ 918,309	\$ 755,120	\$ 769,337	\$ 713,998
Restricted	-	-	-	-	-	-	29,581	78,977	117,254	71,010
Designated/Assigned	7,485,799	11,208,982	7,805,033	5,889,990	8,848,288	6,077,877				
Undesignated/Unassigned	1,897,037	1,736,294	1,736,294	2,967,120	3,028,603	1,511,767	3,557,398	5,169,348	11,191,941	8,061,478
Total general fund	<u>9,382,836</u>	<u>11,208,982</u>	<u>9,541,327</u>	<u>8,857,110</u>	<u>11,876,891</u>	<u>7,601,098</u>	<u>4,505,288</u>	<u>6,003,445</u>	<u>12,078,532</u>	<u>8,846,486</u>
All other governmental funds										
Reserved										
Capital Purposes	26,946,700	25,982,721	27,049,649	25,313,954	22,089,801	20,223,663	8,632,471	5,680,140	3,730,365	58,080,347
Non-Major	1,800,617	1,339,898								
Total all other governmental funds	<u>28,747,317</u>	<u>27,322,619</u>	<u>27,049,649</u>	<u>25,313,954</u>	<u>22,089,801</u>	<u>20,223,663</u>	<u>8,632,471</u>	<u>5,680,140</u>	<u>3,730,365</u>	<u>58,080,347</u>
	\$ 38,130,153	\$ 38,531,601	\$ 36,590,976	\$ 34,171,064	\$ 33,966,692	\$ 27,824,761	\$ 13,137,759	\$ 11,683,585	\$ 15,808,897	\$ 66,926,833

Source: District Audited Financial Statements  
Exhibit C

**WOODLAND HILLS SCHOOL DISTRICT  
CHANGES IN FUND BALANCES**

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>REVENUES</b>										
Local Sources	\$ 44,803,992	\$ 44,631,977	\$ 44,554,358	\$ 45,349,006	\$ 46,590,778	\$ 46,595,378	\$ 47,738,259	\$ 50,236,474	\$ 54,114,997	\$ 53,846,768
Local non-tax revenue	742,815	2,761,790	1,671,711	2,065,112	2,098,431	1,877,555	1,548,279	1,703,995	1,637,100	1,728,497
State Sources	29,837,061	29,410,092	27,901,435	26,790,280	27,076,120	27,781,697	28,898,334	29,475,864	31,470,207	32,409,478
Federal Sources	4,560,595	7,249,370	6,529,657	3,666,292	3,690,567	3,415,157	2,971,859	3,622,814	3,858,308	3,178,523
Investments earnings	681,199	170,109	76,400	42,160	33,558	31,166	26,322	37,899	151,839	390,684
<b>Total Revenue</b>	<b>80,625,662</b>	<b>84,223,337</b>	<b>80,733,561</b>	<b>77,912,850</b>	<b>79,489,454</b>	<b>79,700,953</b>	<b>81,183,052</b>	<b>85,077,046</b>	<b>91,232,451</b>	<b>91,553,950</b>
<b>EXPENDITURES</b>										
Instruction	\$ 48,486,797	\$ 50,560,058	\$ 50,322,792	\$ 49,325,173	\$ 48,982,510	\$ 52,702,839	\$ 54,768,584	\$ 55,141,489	\$ 58,781,439	\$ 62,170,562
Support Services	21,998,724	23,270,762	23,964,820	21,198,208	19,815,502	22,004,464	22,699,304	21,918,894	24,671,715	25,759,341
Noninstructional Services	1,585,946	1,659,401	1,737,930	1,604,006	1,571,361	1,595,235	1,621,236	1,274,453	1,390,970	1,575,728
Capital Outlay	1,220,942	1,718,017	69,319	25,000	-	2,729,424	11,471,862	2,964,732	2,675,299	5,229,844
Debt Service										
Principal	4,125,000	4,275,000	3,870,000	3,885,000	4,075,000	5,020,000	4,910,000	4,950,000	4,940,000	10,571,318
Interest	2,709,203	2,531,276	2,358,120	2,176,813	1,984,031	828,560	1,046,178	868,202	767,232	717,850
Refund Prior Year Receipts	72,828	105,201	65,832	212,868	41,269	358,226	134,694	56,721	24,371	76,032
<b>Total Expenditures</b>	<b>80,199,440</b>	<b>84,119,715</b>	<b>82,388,813</b>	<b>78,427,068</b>	<b>76,469,673</b>	<b>85,238,748</b>	<b>96,651,858</b>	<b>87,174,491</b>	<b>93,251,026</b>	<b>106,100,675</b>
<b>Excess ( Deficiency) of Revenue over Expenditures</b>	<b>426,222</b>	<b>103,622</b>	<b>(1,655,252)</b>	<b>(514,218)</b>	<b>3,019,781</b>	<b>(5,537,795)</b>	<b>(15,468,806)</b>	<b>(2,097,445)</b>	<b>(2,018,575)</b>	<b>(14,546,725)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds Issued	-	-	-	-	-	31,165,000	-	-	-	61,045,000
Original Issue Premium	-	-	-	-	-	1,038,720	-	-	-	5,012,645
Refunding Bonds Issued	-	-	-	-	-	-	-	-	5,455,000	-
Interfund Transfers (From Other Funds)	6,851,203	6,823,276	6,298,120	6,231,813	6,059,031	7,020,691	5,956,177	-	-	814,143
Sale/Compensation for Fixed Assets	-	-	-	-	-	-	5,303	-	703,525	1,800
Insurance Recoveries	-	-	-	-	-	-	18,863	16,088	53,937	6,213
Debt Service-Refunded Bond Issues	-	-	-	-	-	(31,954,840)	-	-	-	-
Operating Transfers Out	(6,872,908)	(6,861,066)	(6,368,120)	(6,178,813)	(6,178,813)	(7,020,691)	(5,956,177)	-	-	(814,143)
<b>Total Other Financing Sources (Uses)</b>	<b>(21,705)</b>	<b>(37,790)</b>	<b>(70,000)</b>	<b>53,000</b>	<b>(119,782)</b>	<b>248,880</b>	<b>24,166</b>	<b>16,088</b>	<b>6,212,462</b>	<b>66,065,658</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 404,517</b>	<b>\$ 65,832</b>	<b>\$ (1,725,252)</b>	<b>\$ (461,218)</b>	<b>\$ 2,899,999</b>	<b>\$ (5,288,915)</b>	<b>\$ (15,444,640)</b>	<b>\$ (2,081,357)</b>	<b>\$ 4,193,887</b>	<b>\$ 51,518,933</b>

Source: District Audited Financial Statements  
Exhibit E

**WOODLAND HILLS SCHOOL DISTRICT  
RATIOS OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

---

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2008-2009	\$ 4,125,000	\$ 2,709,203	\$ 6,834,203	\$ 73,365,237	9.32%
2009-2010	4,275,000	2,531,276	6,806,276	77,313,439	8.80%
2010-2011	3,870,000	2,358,120	6,228,120	76,160,693	8.18%
2011-2012	3,885,000	2,176,813	6,061,813	72,365,255	8.38%
2012-2013	4,075,000	1,984,031	6,059,031	70,410,642	8.61%
2013-2014	5,020,000	828,560	5,848,560	79,390,188	7.37%
2014-2015	4,910,000	1,046,178	5,956,178	90,695,681	6.57%
2015-2016	4,950,000	868,202	5,818,202	81,356,289	7.15%
2016-2017	4,940,000	767,232	5,707,232	87,543,794	6.52%
2017-2018	10,571,318	717,850	11,289,168	94,811,507	11.91%

Source: District Audited Financial Statements

(1) Includes General and Capital Funds but does not included the expenditures for the General Obligation Notes



**WOODLAND HILLS SCHOOL DISTRICT  
GENERAL GOVERNMENT TAX REVENUES BY SOURCE**

---

<b>Fiscal Year</b>	<b>Current Real Estate Tax</b>	<b>Delinquent Real Estate Tax</b>	<b>Real Estate Transfer Tax</b>	<b>Earned Income Tax</b>	<b>Public Utility Realty Tax</b>	<b>Total</b>
2008-2009	\$ 37,015,388	\$ 2,404,533	\$ 352,687	\$ 3,888,271	\$ 64,303	\$ 43,725,182
2009-2010	37,911,117	2,615,217	350,431	3,918,746	61,144	44,856,656
2010-2011	37,681,264	2,849,089	324,517	3,860,451	64,038	44,779,358
2011-2012	37,867,292	2,748,612	332,060	4,516,025	62,483	45,526,473
2012-2013	38,368,250	2,516,037	428,361	5,401,845	59,989	46,774,483
2013-2014	38,976,614	2,419,321	418,876	5,153,727	59,185	47,027,723
2014-2015	38,976,614	3,039,885	382,388	5,224,086	61,224	47,684,196
2015-2016	39,619,244	4,266,091	900,307	5,359,189	55,766	50,200,595
2016-2017	43,996,945	3,985,057	511,981	5,567,786	53,106	54,114,876
2017-2018	44,274,143	3,139,751	613,635	5,643,342	55,848	53,726,719

Source: District Audited Financial Statements

**WOODLAND HILLS SCHOOL DISTRICT  
TOTAL NUMBER OF EMPLOYEES**

*Unaudited*

	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>
<b><u>Administration</u></b>										
Administrators	22	30	34	27.5	13	27	21	29	30	35
Confidential Secretaries	6	5	1.5	0.5	0.5	1	1	0	0	0
Secretaries, Administrative	15	15	15	12.5	12	12	14	7	7	5.5
<b><u>Instruction</u></b>										
Principals	13	13	16	16	15	16	15	12	14	14
Teachers	347	358	356	334	353	334.5	329	327	339	310
Librarians	7	7	7	5.5	4	5	5	5	5	5.5
Nurses	8	9	9	8	8	8	8	7	8	6
Guidance	13	14	11	9	9	5	8	5	5	5
Secretaries, Aides, Support Staff	70	73	67	59	59	59.5	49	67	77	60
<b><u>Buildings and Grounds</u></b>										
Supervisors	2	2	2	1	1	1	1	1	1	1
Maintenance	9	9	9	9	6	8	8	8	6	8
Custodians	50	50	48.5	38	31	34	29	29	33	30
<b><u>Swissvale Library</u></b>										
	5	5	8	8	4	5	5	5	5	6
<b>Total Number of Employees*</b>	<b>567</b>	<b>590</b>	<b>584</b>	<b>528</b>	<b>515.5</b>	<b>516</b>	<b>493</b>	<b>502</b>	<b>530</b>	<b>486</b>
*(excludes Substitute Employees)										

Source: Woodland Hills School District Personnel Office

**WOODLAND HILLS SCHOOL DISTRICT  
TEACHER'S BASE SALARY  
ANNUAL SCHOOL YEAR SALARY  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Minimum Salary*</b>	<b>Median Salary</b>	<b>Maximum Salary**</b>
2008	\$36,100.00	\$61,175.00	\$86,250.00
2009	\$36,500.00	\$62,375.00	\$88,250.00
2010	\$37,250.00	\$64,750.00	\$92,250.00
2011	\$37,250.00	\$64,750.00	\$92,550.00
2012	\$37,500.00	\$52,825.00	\$92,750.00
2013 (First Half)	\$37,500.00	\$65,375.00	\$93,250.00
2013 (Second Half)	\$37,500.00	\$65,625.00	\$93,750.00
2014	\$37,750.00	\$66,000.00	\$94,250.00
2015	\$37,850.00	\$66,100.00	\$94,350.00
2016	\$37,850.00	\$66,100.00	\$94,350.00
2017	\$39,550.00	\$67,300.00	\$95,050.00

\*The minimum salary represents the minimum amount a District teacher with a Bachelor's degree may earn for regular classroom instruction during the school year according to the Woodland Hills School District's Teacher's Contract.

Level 1: Bachelor's Degree

Level 2: Bachelor's + 24 Credits

Level 3: Master's

Level 4: Master's + 15 Credits

Level 5: Master's + 30 Credits

Level 6: Master's + 45 Credits

Level 7: Master's + 60 Credits

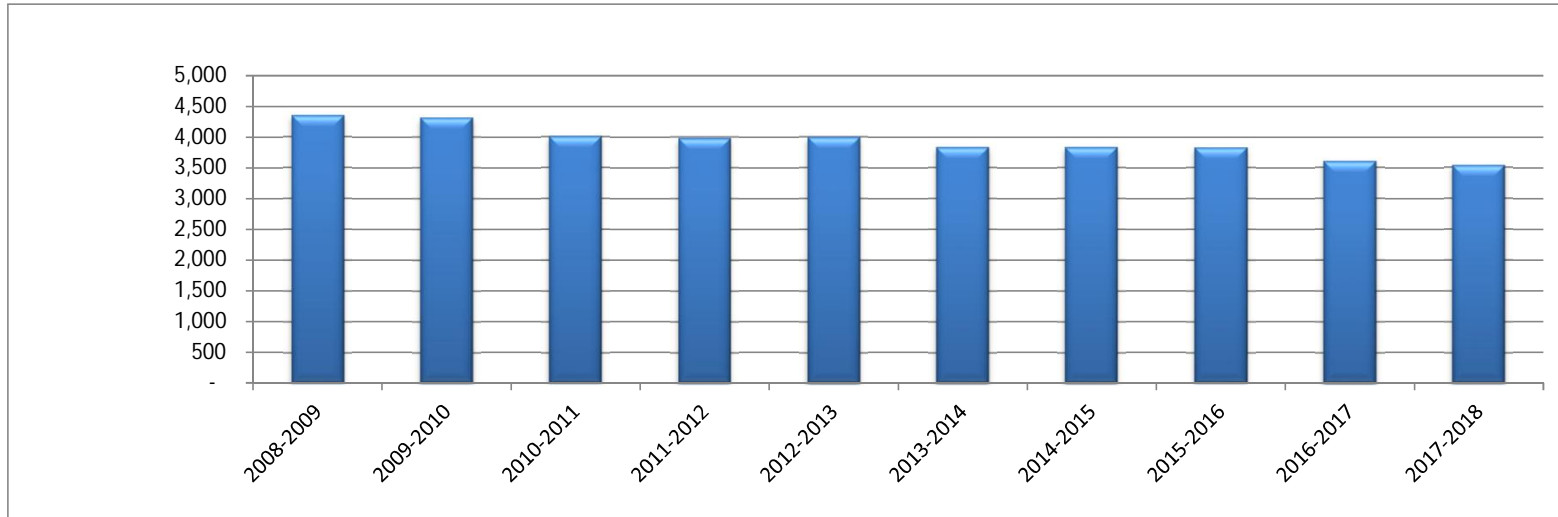
Level 8: Earned Doctorate

\*\*The maximum salary represents the maximum amount a District teacher with a Doctoral degree may earn for regular classroom instruction during the school year according to the salary schedule dependent on educational attainment and years of service. The maximum salary for each level (Level 1 through Level 8) is reached in 17 years. The majority of teachers receive the maximum salary due to the 17 year minimum needed to reach the highest pay scale dependent on years of service only. Maximum salary excludes pension and hospitalization benefits.

**WOODLAND HILLS SCHOOL DISTRICT**  
**Enrollment Trend K-12**

---

Fiscal Year	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Enrollment	4,343	4,311	4,003	3,980	3,993	3,829	3,828	3,824	3,598	3,531

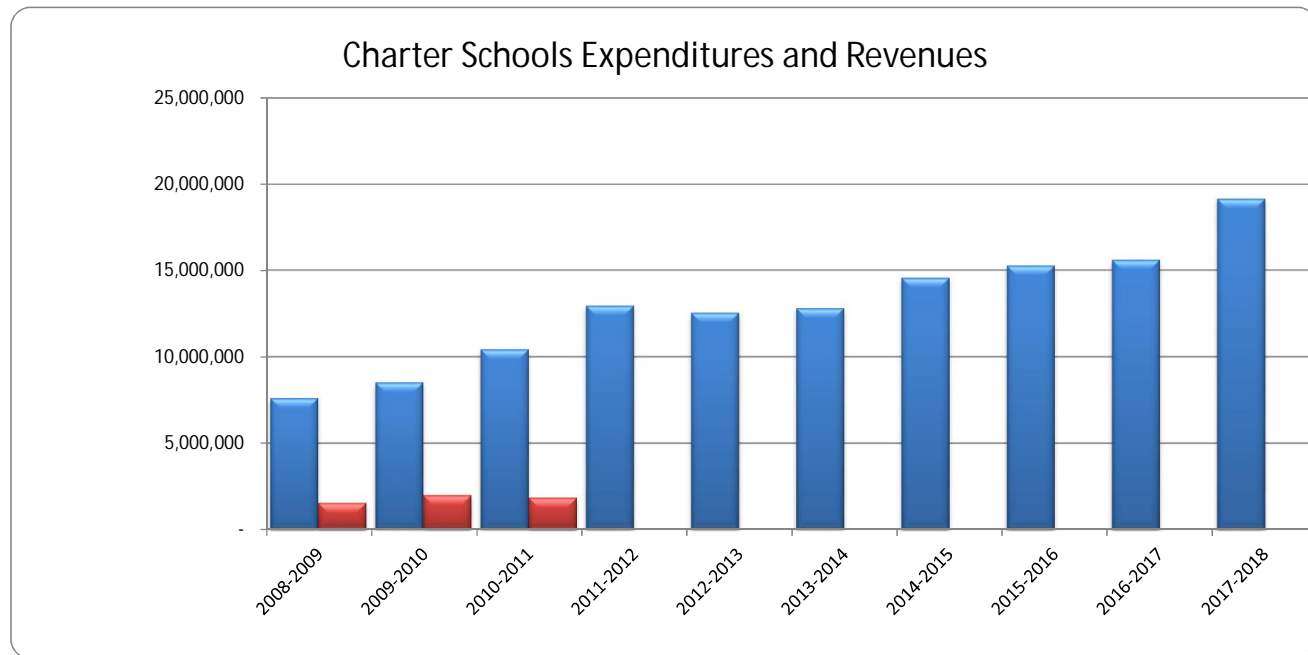


Source: Woodland Hills School District, PDE

**WOODLAND HILLS SCHOOL DISTRICT  
CHARTER SCHOOL EXPENDITURES**

*Unaudited*

School Year	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
<b>Expenditures</b>	\$ 7,600,356	\$ 8,510,958	\$ 10,413,235	\$ 12,943,191	\$ 12,535,298	\$ 12,789,590	\$ 14,549,335	\$ 15,247,357	\$ 15,589,278	\$ 19,119,604
<b>Revenues</b>	1,561,691	2,010,794	1,861,814	-	-	-	-	-	-	-
<b>Change from Prior Year</b>	2,036,869	910,602	1,902,276	2,529,956	(407,893)	254,292	1,759,745	698,022	341,921	3,530,326
<b>Percentage Change in Expenditures</b>	36.61%	11.98%	22.35%	24.30%	-3.15%	2.03%	13.76%	4.80%	2.24%	22.65%

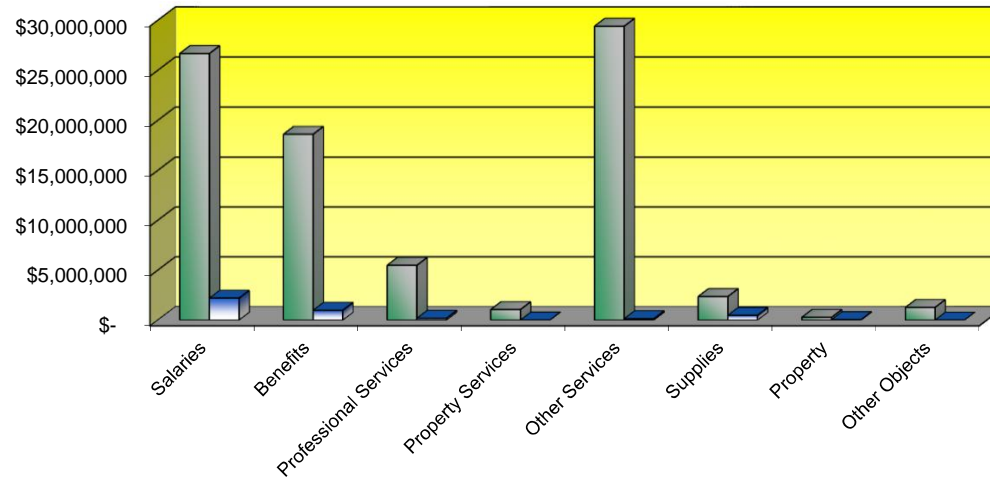


**WOODLAND HILLS SCHOOL DISTRICT**  
**Grant Expenditure Versus General Fund Expenditures**

*Unaudited*

	<u>Salaries</u>	<u>Benefits</u>	<u>Professional Services</u>	<u>Property Services</u>	<u>Other Services</u>	<u>Supplies</u>	<u>Property</u>	<u>Other Objects</u>
General Fund	\$ 26,686,236	\$ 18,617,530	\$ 5,490,426	\$ 1,060,479	\$ 29,409,591	\$ 2,365,010	\$ 278,270	\$ 1,271,512
Grants	2,200,659	986,011	184,371	6,397	142,414	483,410	49,592	397
% of Grants to General Fund	8.25%	5.30%	3.36%	0.60%	0.48%	20.44%	17.82%	0.03%

**General Fund Expenditures Versus Grant Expenditures**



**WOODLAND HILLS SCHOOL DISTRICT  
BANK DEPOSIT INFORMATION**

Last ten years

*Unaudited*

<b>As of 6/30/2018</b>	<b>PNC Bank</b>	<b>Citizens/Mellon Bank</b>	<b>Total FDIC Insured Institutions Allegheny County</b>
2009	\$ 23,670,267,000	\$ 4,138,954,000	\$ 53,061,064,000
2010	30,657,406,000	4,264,662,000	55,950,113,000
2011	34,061,767,000	4,255,755,000	61,629,674,000
2012	37,744,664,000	4,584,974,000	76,653,890,000
2013	42,188,076,000	4,675,789,000	76,653,890,000
2014	44,728,968,000	-	77,659,293,000
2015	50,878,731,000	-	94,207,722,000
2016	52,921,747,000	-	97,900,309,000
2017	51,977,671,000	-	111,552,162,000
2018	55,036,873,000	-	113,846,037,000

Sources: Federal Deposit Insurance Corporation Summary of Deposits

Note: Information is only available on a institute wide basis, as reported, not by school district. PNC Bank is the District's primary depository. Citizens Bank is no longer utilized by the District.

**WOODLAND HILLS SCHOOL DISTRICT  
STUDENT OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

---

<b>Fiscal Year</b>	<b>Operating Expenses</b>	<b>ADM</b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>
2008-2009	\$ 78,939,962	5,106	15,460	2.46%
2009-2010	\$ 82,498,672	5,105	16,159	4.52%
2010-2011	\$ 82,458,813	5,053	16,320	0.99%
2011-2012	\$ 78,597,068	5,103	15,403	-5.62%
2012-2013	\$ 76,469,673	5,085	15,040	-2.36%
2013-2014	\$ 83,097,887	5,093	16,318	8.50%
2014-2015	\$ 85,036,435	5,022	16,934	3.78%
2015-2016	\$ 84,200,759	4,974	16,928	-0.04%
2016-2017	\$ 90,574,286	4,728	19,159	13.18%
2017-2018	\$ 95,102,694	4,665	20,386	6.41%

Source: PDE, Child Accounting Department  
Average Daily Membership figures **include** students enrolled in charter school  
(2017-2018 data is preliminary)



**WOODLAND HILLS SCHOOL DISTRICT  
PUPIL TEACHER RATIOS  
LAST TEN FISCAL YEARS**

---

<b>Fiscal Year</b>	<b>K-12 Enrollment</b>	<b>Teaching Staff</b>	<b>Pupil Teacher Ratio</b>
2007-2008	4,834	385	12.56
2008-2009	4,343	380	11.43
2009-2010	4,311	392	11.00
2010-2011	4,003	390	10.26
2011-2012	3,980	364.5	10.92
2012-2013	3,993	381	10.48
2013-2014	3,829	360.5	10.62
2014-2015	3,828	357	10.72
2015-2016	3,815	349	10.93
2016-2017	3,598	349	10.31
<b>2017-2018</b>	3,531	334.5	10.56

Source: Human Resources Department

Teaching Staff includes Principals, Teachers, Librarians, and Guidance

K-12 Enrollment only reflects students enrolled within Woodland Hills

**WOODLAND HILLS SCHOOL DISTRICT  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

---

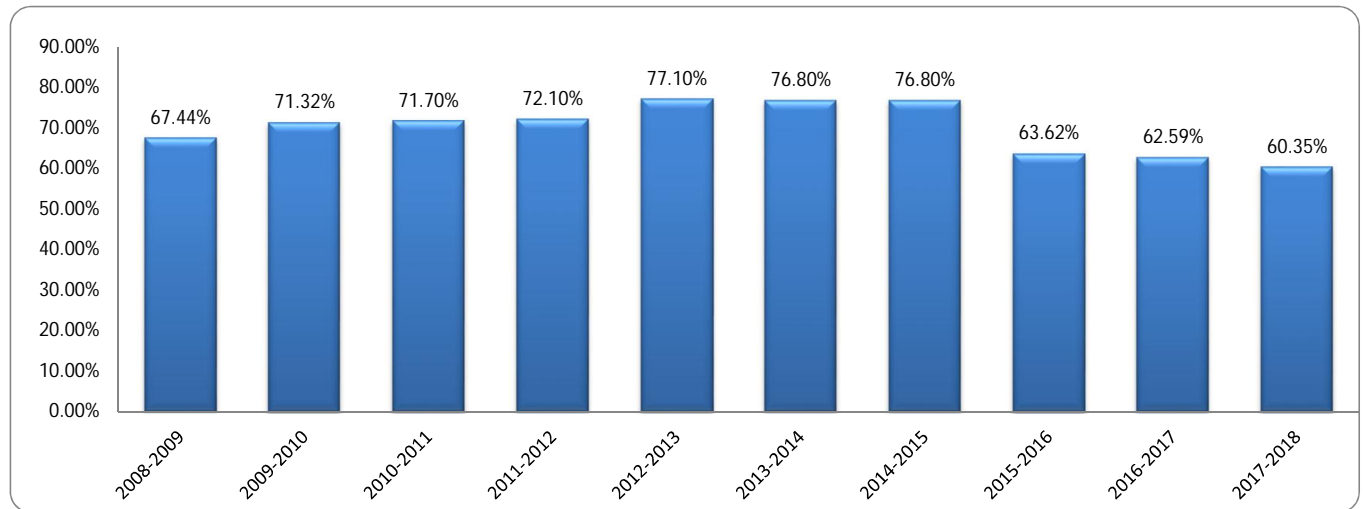
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Allegheny County	4.73	4.73	4.73	4.73	4.73	4.73	5.69	4.69	4.69	4.69
School District	25.35	25.35	25.35	22.4	22.4	22.4	26.21	25.65	25.65	25.65
Braddock	13.65	12.65	11.65	11.65	11.65	11.15	13.7	11.7	11.7	10.70
Braddock Hills	8.205	8.205	8.205	6.205	6.205	6.205	7	7	7	7.00
Chalfant	8.4	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.90
Churchill	6.48	5.98	5.98	5.48	5.48	4.23	5.75	5.75	5.75	4.75
East Pittsburgh	13.45	13.45	13.45	13.65	13.65	11.89	15.15	15.15	15.15	15.15
Edgewood	7.185	7.185	7.185	7.15	5.9	5.65	8.161	8.161	8.161	6.661
Forest Hills	8	8	8	8	8	8	8.35	8.35	8.35	8.35
North Braddock	11	11	11	11	11	11	11	11	11	11.00
Rankin	9.6928	9.6928	9.6928	9.6928	9.6928	9.6928	13.8	13.8	13.8	13.80
Swissvale	8	8	8	8	7.04	7.04	10.1	10.1	9.1	9.10
Turtle Creek	9.5	9.25	9.25	8	8	7.75	8.5	8.5	8.5	8.50
Wilkins	5.675	5.675	5.675	5.674	5.674	4.674	5.513	4.513	4.513	4.513

Source: Allegheny County Website

@ <http://apps.alleghenycounty.us/website/millmuni.asp>

**WOODLAND HILLS SCHOOL DISTRICT  
FREE AND REDUCED LUNCHES  
LAST TEN FISCAL YEARS**

School Code	School Names	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
ODI	Dickson	69.38%	82.78%	81.00%	76.30%	84.90%	86.90%	80.70%	-	-	-
0EJ	East Junior High/Academy	-	61.32%	58.10%	57.10%	63.80%	61.30%	62.30%	44.51%	42.91%	37.12%
0EP	Edgewood	69.18%	70.78%	70.80%	70.70%	79.90%	75.20%	73.50%	75.28%	77.57%	70.56%
0FI	Fairless	85.03%	89.82%	91.00%	91.50%	95.60%	94.20%	87.60%	-	-	-
OSP	Shaffer	79.21%	76.21%	76.70%	75.00%	79.90%	80.00%	75.60%	-	-	-
OWJ	Wilkins	77.94%	81.60%	81.60%	80.10%	85.60%	87.20%	80.50%	79.12%	78.07%	77.32%
	Woodland Hills Intermediate	-	-	-	-	-	-	-	76.64%	77.54%	74.87%
OWP	West Woodland Hills Junior	70.66%	75.84%	79.40%	81.90%	84.20%	84.70%	78.70%	-	-	-
OWH	Woodland Hills Senior	53.78%	60.41%	62.40%	66.60%	69.60%	69.30%	68.60%	56.33%	55.59%	56.30%
<b>Total District Free/Reduced Percentage</b>		<b>67.44%</b>	<b>71.32%</b>	<b>71.70%</b>	<b>72.10%</b>	<b>77.10%</b>	<b>76.80%</b>	<b>76.80%</b>	<b>63.62%</b>	<b>62.59%</b>	<b>60.35%</b>



2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
67.44%	71.32%	71.70%	72.10%	77.10%	76.80%	76.80%	63.62%	62.59%	60.35%

## WOODLAND HILLS SCHOOL DISTRICT GOB CONTINUING DISCLOSURE INFORMATION

The following table depicts the component elements of the existing physical plant of the School District.

	Original Construction Date	Renovation Date	Grades	Rated Pupil Capacity	2017-2018 Enrollment <sup>(1)</sup>
<b>Elementary:</b>					
Woodland Primary Edgewood	1892	2001	K-3	1,383	360
Woodland Hills Primary Wilkins	1939	2000	K-3	760	441
Woodland Hills Promise Rankin	1931	1984	K-12	525	15
Woodland Hills Academy	1919	1978	K-8	978	555
<b>Secondary</b>					
Woodland Hills Intermediate School	1978	1997	4-6	1,182	597
Woodland Hills Jr./Sr. High School	1963	2001	7-12	2,076	1,563
Shaffer Primary	1961	1967	Closed	630	-
Dickson Intermediate	1929	1994	Closed	770	-
Fairless*	1962	1986	Closed	600	-
			Totals	8,904	3,531

\*Fairless is the new Administration Building; half of the building is leased to Heritage (provides out of school time care to students K-8)

<sup>(1)</sup>1st day enrollment estimates.

Source: School District Officials

### Historical Enrollment Trends (Actual and Projected)

	Actual Enrollment			
	<u>School Year Ending June 30,</u>	<u>K-6</u>	<u>7-12</u>	<u>Total</u>
2013-2014		2,061	1,785	3,846
2014-2015		2,065	1,763	3,828
2015-2016		2,036	1,779	3,815
2016-2017 <sup>(1)</sup>		1,903	1,695	3,598
2017-2018 <sup>(2)</sup>		1,860	1,671	3,531
	Projected Enrollment <sup>(3)</sup>			
	<u>School Year Ending June 30,</u>	<u>K-6</u>	<u>7-12</u>	<u>Total</u>
2018-19		2,106	1,639	3,745
2019-20		2,056	1,657	3,713
2020-21		2,023	1,652	3,675
2021-22		2,005	1,658	3,663
2022-23		1,967	1,670	3,637
2023-24		1,945	1,679	3,624
2024-25		1,894	1,687	3,581

<sup>(1)</sup>As of October 3, 2016.

<sup>(2)</sup>As of October 2, 2017.

<sup>(3)</sup>As of December 30, 2016, excludes students in full-time out-of-district special education, comprehensive AVTS's, charter schools, state-owned schools, consortium-operated alternative high schools, and juvenile correctional institutions.

Source: School District Officials (actual) and Pennsylvania Department of Education (projected).

**WOODLAND HILLS SCHOOL DISTRICT  
GOB CONTINUING DISCLOSURE INFORMATION**

**Real Property Tax Collection**

The School District mails tax notices to taxpayers on or about July 1 of each year. The tax collection process of the School District allows taxpayers remitting in full prior to August 31 of each year a 2% discount on their tax obligations. Remittances between September 1 and October 31 are paid at face value and taxpayers remitting after October 31 pay a 10% penalty. After December 31<sup>st</sup>, all unpaid real estate taxes that did not elect for the installment payment plan are turned over to Jordan Tax Service for collection and delinquent collections are remitted monthly to the School District.

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Year Collections</u>	<u>Percent of Collected (Current)</u>	<u>Current and Prior Year's Collections</u>	<u>Percent Collected (Total)</u>
2011-12	\$41,252,131	\$37,867,292	91.79%	\$40,615,905	98.46%
2012-13	\$41,873,844	\$38,368,250	91.63%	\$40,884,288	97.64%
2013-14	\$42,951,446	\$38,730,507	90.17%	\$41,149,827	95.81%
2014-15	\$42,691,515	\$38,976,614	91.30%	\$42,428,051	99.38%
2015-16	\$42,872,583	\$39,619,244	92.41%	\$43,495,735	101.45%
2016-17	\$48,813,786	\$43,965,839	90.07%	\$47,950,896	98.23%
2017-18	\$48,679,063	\$44,274,143	90.95%	\$47,413,894	97.40%

Source: School District Officials

**School District Employees**

There are approximately 486 employees of the School District, including 310 teachers, 49 administrators and 127 support personnel including secretaries, custodial and maintenance staff, cafeteria staff, teacher aids, security monitors, librarian assistants and licensed nurses.

The professional employees of the School District are represented by the Woodland Hills Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District. The non-teaching employees are represented by the Woodland Hills School Service Personnel Association, also affiliated with the PSEA.

Source: School District Officials

The School District's gross contributions to PSERS, prior to Commonwealth Reimbursement, are as follows:

<u>Fiscal Year</u>	<u>Annual Gross Pension Contribution</u>
2013-14	\$ 4,037,369
2014-15	5,339,182
2015-16	6,278,320
2016-17	7,860,937
2017-18	9,268,408
2018-19 Budgeted	9,951,627

**WOODLAND HILLS SCHOOL DISTRICT  
GOB CONTINUING DISCLOSURE INFORMATION**

**Ten Largest Taxpayers**

	<b>2018</b>		<b>2017</b>
<u><b>Taxpayer</b></u>	<u><b>Assessed Value</b></u>	<u><b>Taxpayer</b></u>	<u><b>Assessed Value</b></u>
PCE Partners, LLC	\$51,285,750	PCE Partners, LLC	\$55,430,000
Edgewood Station LLC	\$24,650,000	Edgewood Station	\$24,650,000
RIDC	21,540,200	RIDC	21,540,200
Wilkins Hospitality**	14,960,400	Wilkins Hospitality**	14,960,400
US Steel Corporation	10,052,000	US Steel Corporation	10,052,000
Electric Heights Housing	8,700,000	Electric Heights Housing	8,700,000
ARSR Brinton Rd, LLC	8,600,000	ARSR Brinton Rd, LLC	8,600,000
Penn Center LTD	7,980,000	Penn Center LTD	7,980,000
Conley Motel, Inc.	7,862,600	Conley Motel, Inc.	7,862,600
Briton Apartments Penn, LLC	7,456,000	Briton Apartments Penn, LLC	11,743,000
<b>Total</b>	<b>\$163,086,950</b>	<b>Total</b>	<b>\$159,417,300</b>

**Percent of Total AV** **8.14%**

Budgeted 2018-2019 Taxable  
Assessed Value **\$2,004,300,731**

**Real Estate Assessment/Tax Data 2018**

Millage for 2018	25.35
Aggregate Market Value	2,016,070,228
Aggregate Assessed Value*	2,007,347,143
Face Tax Collectible**	44,250,951

\* Beginning in 2008-09 the amount of the adjusted Levy is reduced by the amount of the Homestead/Farmstead Exemptions. The adjusted levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth. The market value is adjusted by the 2016 STEB Market Value to determine the Assessed Value

\*\* The Face Tax Collectible is determined by the millage minus the tax relief for Homestead and then adjusted for the collection %

**WOODLAND HILLS SCHOOL DISTRICT  
GOB CONTINUING DISCLOSURE INFORMATION**

SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS:

Shown below is a summary of the School District's outstanding debt (including issuance of the Bonds):

	<u>Gross</u>	<u>MVAR</u>	<u>Project Reimbursement</u>	<u>Local Share</u>
<b>General Obligation Debt</b>				
General Obligation Bonds Series D of 2013***	\$10,060,000	NA	0.0000	\$10,060,000
General Obligation Bonds of 2016***	\$5,450,000	NA	0.0000	\$5,450,000
General Obligation Bonds of 2017***	\$10,000,000	NA	0.0000	\$10,000,000
General Obligation Bonds Series A of 2018***	\$5,185,000	NA	0.0000	\$5,185,000
General Obligation Bonds of 2018***	<u>\$45,860,000</u>	NA	0.0000	<u>\$45,860,000</u>
<b>TOTAL DIRECT DEBT</b>	<b>\$76,555,000</b>			<b>\$76,555,000</b>
<b>Overlapping Debt*</b>				
Braddock Borough	\$ -			\$ -
Braddock Hills Borough	63,468			63,468
Chalfant Borough	\$ -			\$ -
Churchill Borough	\$ -			\$ -
East Pittsburgh Borough	\$ 126,884			\$ 126,884
Edgewood Borough	\$ 849,286			\$ 849,286
Forest Hills Borough	\$ 6,445,447			\$ 6,445,447
North Braddock Borough	\$ 52,785			\$ 52,785
Rankin Borough	\$ -			\$ -
Swissvale Borough	\$ 1,877,200			\$ 1,877,200
Turtle Creek Borough	\$ -			\$ -
Wilkins Township	\$ 345,775			\$ 345,775
Allegheny County **	<u>\$ 23,988,458</u>			<u>\$ 23,988,458</u>
<b>TOTAL OVERLAPPING DEBT</b>	<b>\$ 33,749,303</b>			<b>\$ 33,749,303</b>
<b>TOTAL NET DIRECT &amp; OVERLAPPING DEBT</b>	<b>\$110,304,303</b>			<b>\$110,304,303</b>

\*Source: Pennsylvania Department of Community and Economic Development, as of October 31, 2018. 100% Overlapping

\*\*Source: Allegheny County CAFR for the year ended 12/31/2016. 2.67% Overlapping. As of December 31, 2016, Allegheny County had outstanding debt of \$925,492,175. The School District's share is calculated by dividing the assessed value of the School District by the assessed value of the County, and multiplying the ratio by the outstanding debt of the County.

\*\*\*The Gross value reported for the District Bond is as of September 1, 2018.

Debt Ratio Calculations (including the issuance of the Bonds)

	<u>Gross Outstanding</u>	<u>Local Share</u>
Net Direct Debt per Capita	\$770.94	\$770.94
Net Direct Debt to Market Value	4.23%	4.23%
Net Direct and Overlapping Debt per Capita	\$1,110.81	\$1,110.81
Net Direct and Overlapping Debt to Market Value	6.09%	6.09%

AGH Valuation (Taxable)	77,781,456,661	Population (ACS July 1, 2017 Est.)	99,301
Woodland Hills	2,016,070,228	2016 STEB Market Value	\$ 1,810,125,376
AGH Debt	\$925,492,175		2.59%

**WOODLAND HILLS SCHOOL DISTRICT  
GOB CONTINUING DISCLOSURE INFORMATION**

**Woodland Hills School District  
Budget Summary for 2018-2019**

**Revenues**

Local	\$ 55,634,149
State	33,831,981
Federal	2,886,403
Other	<u>308,110</u>

**Total** \$ 92,660,643

**Expenditures**

Instruction	\$ 63,127,790
Support Services	25,645,369
Operations	1,521,131
Other Financing Uses	<u>7,769,290</u>

**Total** \$ 98,063,580