WOODLAND HILLS SCHOOL DISTRICT

NORTH BRADDOCK, PENNSYLVANIA

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

WOODLAND HILLS SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2017

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WOODLAND HILLS SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2017

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Zelenkofske Axelrod LLC

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, 2017, 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, 2017, 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.

Adoption of GASB Statements

As described in Note 1 to the financial statements, in 2017 the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions to GASB Statements 67 and 68", Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14", Statement No. 81, "Irrevocable Split-Interest Agreements" and Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73". 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, schedule of funding progress for postemployment benefits other than pensions, 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 39 through 42 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 SCHOOLD DISTRICT's basic financial statements. The supplementary schedules on pages 44 through 46 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.

The Statistical Information Section of this report (pages 58-79) 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 4, 2017 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 Axelrod LLC

ZELENKOFSKE AXELROD LLC

December 4, 2017
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, 2017. 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.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year are as follows:

- The liabilities and deferred inflow 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 $45,778,897 (deficit net position). Though the District's governmental unrestricted net position decreased by only $240,734 for the 2016-2017 fiscal year, the overall decrease in net position was $858,914, primarily a result of an increase in the Net Pension liability offset by an increase in the amount available in the Investment accounts of $4,859,443 and an increase to the receivable amounts Due from Other Governments of $1,456,267. 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, 2017 was $99,708,336. This was an increase of $9,179,340.

- Total revenues of $91,232,451 increased by $6,155,405 for all governmental funds, of which the General Fund accounted for $91,210,214 worth of revenues; an increase of $6,143,354. An increase in the property tax millage resulted in an additional $4,346,596 and the state revenues increased by $1,994,343.

- Total expenditures of $93,251,026 increased by $6,076,535 for all governmental funds. The General Fund (including the Debt Service) accounted for $90,574,286; an increase of $6,373,527, 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 $15,808,897, an increase of $4,125,312 in comparison with the prior year.

- At the end of the current fiscal year, the fund balance of the General Fund was $12,783,260. The non-spendable portion of this amount totaling $769,337 represents less than 1% of 2017-2018 budgeted general fund expenditures of $92,768,065. The non-spendable portion is associated with pre-paid benefits. The remaining unassigned portion of $11,896,669 represents 13% of the budgeted expenditures for the 2017-2018 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)

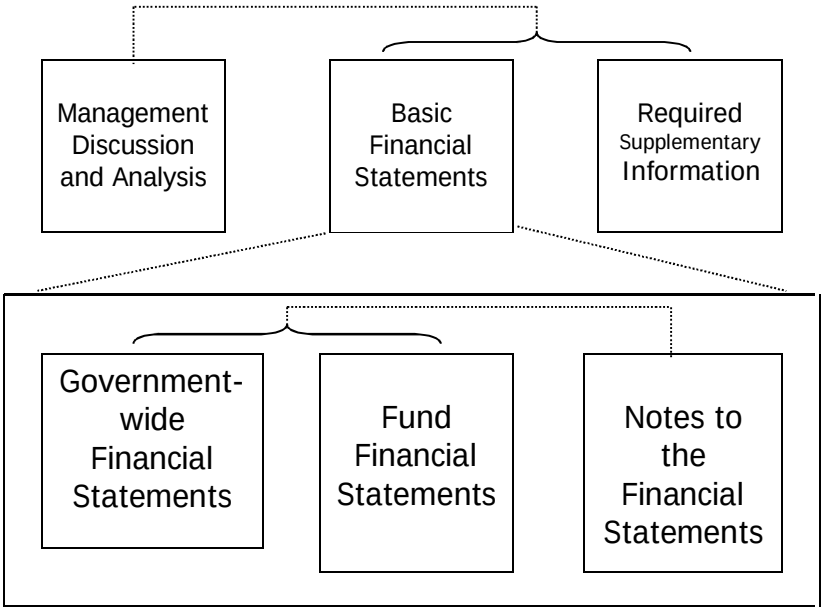
The remaining statements are fund financial statements that focus on individual parts of the Districts operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future 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

		Fund Statements		
	Government-wide 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 39.

The District only maintains one proprietary, 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 12-37 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 $45,299,367 at the close of the most recent fiscal year.

Table A-1-Net Position

	JUNE 30, 2017			JUNE 30, 2016
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
Current Assets	$ 36,821,064	$ 710,788	$ 37,531,852	$ 30,568,027
Noncurrent Assets	50,802,246	101,056	50,903,302	51,087,100
Deferred Outflow of Resources	16,678,127	-	16,678,127	12,919,272
TOTAL ASSETS AND DEFERRED RESOURCES	**$ 104,301,437**	**$ 811,844**	**$ 105,113,281**	**$ 94,574,399**
Current Liabilities	$ 18,178,954	$ 332,314	$ 18,511,268	$ 16,011,248
Long-term Liabilities	129,387,082	-	129,387,082	119,244,093
Deferred Inflow of Resources	2,514,298	-	2,514,298	3,898,893
TOTAL LIABILITIES	**$ 150,080,334**	**$ 332,314**	**$ 150,412,648**	**$ 139,154,234**
Investment in Capital Assets	$ 25,411,693	$ 101,056	$ 25,512,749	$ 26,408,298
Restricted	117,254	-	117,254	78,977
Unrestricted	(71,307,844)	378,474	(70,929,370)	(71,067,110)
TOTAL NET POSITION	**$ (45,778,897)**	**$ 479,530**	**$ (45,299,367)**	**$ (44,579,835)**

The June 30, 2017 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.

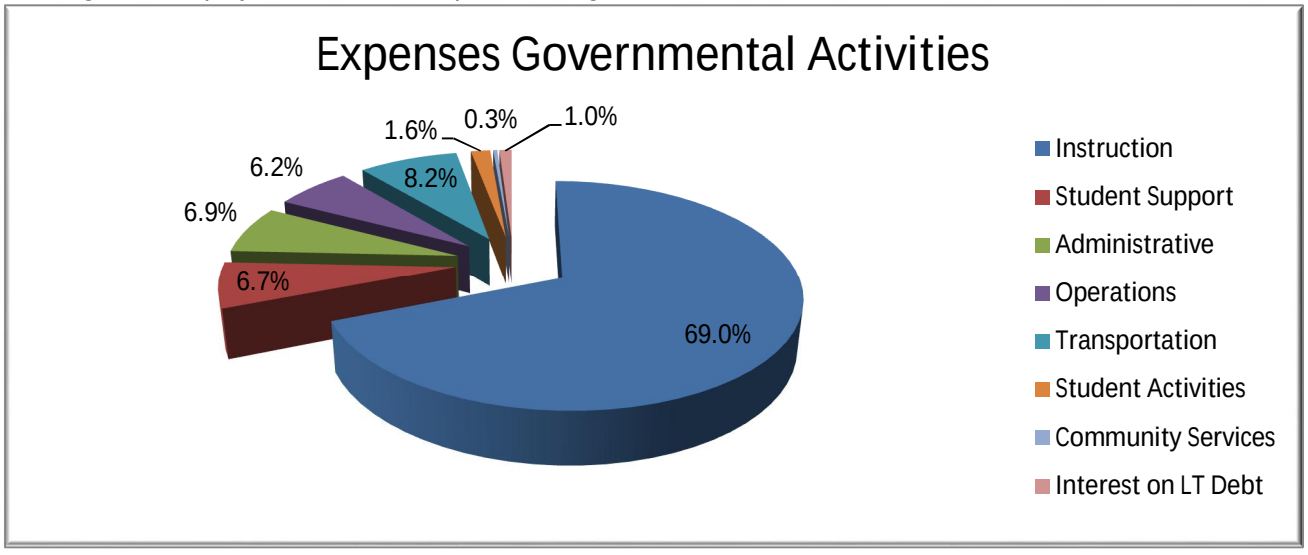
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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, 2017			JUNE 30, 2016
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
REVENUES				
Program Revenues:				
Charges for Services	$ 254,878	$ 139,196	$ 394,074	$ 476,541
Operating Grants and Contributions	19,256,263	2,555,234	21,811,497	19,543,205
Capital Grants and Contributions	-	-	-	451,591
General Revenues:				
Property,Earned, Other Taxes	56,326,411	-	56,326,411	51,426,028
Grants, Subsidies and Contributions	15,205,761	-	15,205,761	14,576,598
Other	1,088,352	1,370	1,089,722	345,297
TOTAL REVENUES	**$ 92,131,665**	**$ 2,695,800**	**$ 94,827,465**	**$ 86,819,260**
EXPENSES				
Instruction	$ 64,190,973	$ -	$ 64,190,973	$ 57,708,511
Instructional Student Support	6,233,269	-	6,233,269	4,511,250
Administrative and Financial Support	6,439,117	-	6,439,117	6,639,754
Operation and Maintenance of Plant	5,791,529	-	5,791,529	5,477,507
Pupil Transportation	7,592,899	-	7,592,899	6,275,839
Student Activities	1,481,514	-	1,481,514	1,033,321
Community Services	316,190	-	316,190	267,845
Interest on Long-term Debt	945,088	-	945,088	1,035,525
Food Services		2,454,622	2,454,622	2,706,365
TOTAL EXPENSES	**$ 92,990,579**	**$ 2,454,622**	**$ 95,445,201**	**$ 85,655,917**
CHANGE IN NET POSITION	**$ (858,914)**	**$ 241,178**	**$ (617,736)**	**$ 1,163,343**

Governmental Activities---Net position for governmental activities decreased by $858,914 primarily because of increased instructional and student support expenses offset by an increase in taxes and operating grants. 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, subsides and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3 Governmental Activities

	JUNE 30, 2017		JUNE 30, 2016	
	TOTAL COST OF SERVICE	NET COST OF SERVICE	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES				
Instruction	$ 64,190,973	$ 50,099,680	$ 57,708,511	$ 45,467,127
Instructional Student Support	6,233,269	5,006,556	4,511,250	3,495,442
Administrative and Financial Support	6,439,117	5,537,909	6,639,754	5,897,635
Operation and Maintenance of Plant	5,791,529	5,491,126	5,477,507	5,230,134
Pupil Transportation	7,592,899	4,686,404	6,275,839	3,519,259
Student Activities	1,481,514	1,437,469	1,033,321	928,517
Community Services	316,190	275,206	267,845	102,867
Interest on Long-term Debt	945,088	945,088	1,035,525	583,934
TOTAL EXPENSES	**$ 92,990,579**	**$ 73,479,438**	**$ 82,949,552**	**$ 65,224,915**
Less:				
Unrestricted Grants, Subsidies		15,205,761		14,576,598
TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES		**$ 58,273,677**		**$ 50,648,317**

BUSINESS TYPE ACTIVITY

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

	JUNE 30, 2017		JUNE 30, 2016	
	TOTAL COST OF SERVICE	NET COST OF SERVICE	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES				
Food Service	**$ 2,454,622**	**$ 239,808**	**$ 2,706,365**	**$ 40,335**
Investment Earnings		**1,370**		**265**
TOTAL BUSINESS-TYPE ACTIVITIES NET INCOME <LOSS>		**$ 241,178**		**$ 40,600**

THE DISTRICT FUNDS

At June 30, 2017, the District's governmental funds reported a combined fund balance of $15,808,897 compared to $11,683,585 for the year ended June 30, 2016. The net change in fund balance for each of the District's governmental funds was as follows:

- General Fund – Revenues exceeded expenditures by $635,928, an insurance recovery of $53,937, proceeds from the sale of property for $703,525, a prior period adjustment of $68,575 (correcting a salary expenditures), and bond proceeds of $5,455,000 from the new 2016 General Obligation Bond was recognized for a net change in fund balance of $6,779,815.

- Capital Project Fund – Expenditures exceeded revenues by $2,496,792.

- Capital Reserve Fund – Expenditures exceeded revenues by $157,711.

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 40.

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, 2017, the District had $50,802,246 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of $13,282 from last year. The District had $16,864,262 in capital asset additions during the 2016-2017 fiscal year, primarily from the completion of the renovated Academy. There were also assets disposed of either through sale of property (the old Administration building) or vehicles traded in that were valued at $293,014.

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 made payments against interest of $369,781, resulting in ending outstanding debt as of June 30, 2017 of $26,030,000. The District is scheduled to make principal and interest payments on this debt totaling $5,774,157 during the 2017-2018 fiscal year.

The District received a final subsidy reimbursement of $451,591 in 2016-2017 from the Commonwealth of Pennsylvania for the Series C General Obligation Bonds.

The District's general obligation bond rating is a Standard & Poor's: A (Negative 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 2017-2018 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

	2017-2018	2016-2017
Local	**62%**	**57%**
State	**35%**	**33%**
Federal/Other	**3%**	**10%**

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

BUDGETED EXPENDITURES

	2017-2018	2016-2017
Instruction	64%	64%
Support Services	27%	27%
Non-Instruction/Community	2%	2%
Fund Transfers/Debt	7%	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. Their contract expired on June 30, 2017 and the district and union are in negotiations.

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, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$ 1,384,302	$ 28,184	$ 1,412,486
Investments	21,216,758	334,069	21,550,827
Accounts Receivable	57,000	218	57,218
Taxes Receivable	9,276,946	-	9,276,946
Due From Other Governments	4,123,875	314,064	4,437,939
Internal Balances	(7,154)	7,154	
Prepaid Assets	769,337	-	769,337
Inventory	-	27,099	27,099
Capital Assets:			
Land	1,945,170	-	1,945,170
Construction in Progress	1,925,839	-	1,925,839
Site Improvements (Net)	4,226,881	-	4,226,881
Building and Building Improvements (Net)	41,460,738	-	41,460,738
Furniture and Equipment (Net)	1,243,618	101,056	1,344,674
Total Assets	**$ 87,623,310**	**$ 811,844**	**$ 88,435,154**
Deferred Outflows of Resources			
Deferred Interest on Refunding	1,493,408	-	1,493,408
Deferred Contributions subsequent to the measurement date	7,860,937	-	7,860,937
Deferred Change in Assumptions	2,699,442	-	2,699,442
Deferred Difference Between Projected and and Actual Investment Earnings	4,624,340	-	4,624,340
Total Deferred Outflows of Resources	**16,678,127**	**-**	**16,678,127**
Liabilities			
Current Liabilities:			
Accounts Payable	$ 5,374,844	$ 301,054	$ 5,675,898
Accrued Expenses	7,296,609	-	7,296,609
Accrued Interest Payable on Debt	246,071	-	246,071
Unearned Revenues	85,337	31,260	116,597
Other Current Liabilities	11,093	-	11,093
Current Portions of Long-Term Liabilities:			
Bonds and Notes Payable	5,165,000	-	5,165,000
Non-Current Portions of Long-Term Liabilities:			
Bonds and Notes Payable	21,718,961	-	21,718,961
Net Pension Liability	99,708,336	-	99,708,336
Other Post Employment Benefits	7,806,127	-	7,806,127
Compensated Absences	153,658	-	153,658
Total Liabilities	**147,566,036**	**332,314**	**147,898,350**
Deferred Inflows of Resources			
Deferred Changes in Proportion	1,913,850	-	1,913,850
Deferred Difference Between Expected and and Actual Experience	600,448	-	600,448
Total deferred inflows of resources	**2,514,298**	**-**	**2,514,298**
Net Position			
Net Investment in Capital Assets	25,411,693	101,056	25,512,749
Restricted Net Position			
Program Purposes	117,254	-	117,254
Unrestricted	(71,307,844)	378,474	(70,929,370)
Total Net Position	**$ (45,778,897)**	**$ 479,530**	**$ (45,299,367)**

The accompanying notes are an integral part of these financial statements

WOODLAND HILLS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities:							
Instruction	$ 64,190,973	$ 44,099	$ 14,047,194	$ -	$ (50,099,680)	$ -	$ (50,099,680)
Instructional Student Support	6,233,269	72,520	1,154,193	-	(5,006,556)	-	(5,006,556)
Administrative and Financial Support Services	6,439,117	-	901,208	-	(5,537,909)	-	(5,537,909)
Operation and Maintenance of Plant Services	5,791,529	-	300,403	-	(5,491,126)	-	(5,491,126)
Pupil Transportation	7,592,899	53,230	2,853,265	-	(4,686,404)	-	(4,686,404)
Student Activities	1,481,514	44,045	-		(1,437,469)	-	(1,437,469)
Community Services	316,190	40,984	-	-	(275,206)	-	(275,206)
Interest on Long-Term Debt	945,088	-	-	-	(945,088)	-	(945,088)
Total Governmental Activities	**92,990,579**	**254,878**	**19,256,263**	**-**	**(73,479,438)**	**-**	**(73,479,438)**
Business-Type Activities:							
Food Service	2,454,622	139,196	2,555,234	-	-	239,808	239,808
Total Business-Type Activities	**2,454,622**	**139,196**	**2,555,234**	**-**	**-**	**239,808**	**239,808**
Total Primary Government	**$ 95,445,201**	**$ 394,074**	**$ 21,811,497**	**$ -**	**$ (73,479,438)**	**$ 239,808**	**$ (73,239,630)**
General Revenues:							
Taxes:							
Property					47,951,017	-	47,951,017
Other Taxes Levied					6,163,980	-	6,163,980
Property Tax Relief					2,211,414	-	2,211,414
Basic Subsidy Contributions					15,205,761	-	15,205,761
Investment Earnings					128,399	1,370	129,769
Miscellaneous					959,953	-	959,953
Total General Revenues					**72,620,524**	**1,370**	**72,621,894**
Change in Net Position					**(858,914)**	**241,178**	**(617,736)**
Net Position - Beginning (as restated, Note 19)					(44,919,983)	238,352	(44,681,630)
Net Position - Ending					**$ (45,778,897)**	**$ 479,530**	**$ (45,299,366)**

The accompanying notes are an integral part of these financial statements

WOODLAND HILLS SCHOOL DISTRICT **EXHIBIT C**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

		--- CAPITAL PROJECT FUNDS ---		
	GENERAL FUND	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and Cash Equivalents	$ 1,382,324	$ 1,978	$ -	$ 1,384,302
Investments	16,137,874	1,017,793	4,061,091	21,216,758
Taxes Receivable, net	9,276,946	-	-	9,276,946
Due From Other Funds	704,733		-	704,733
Due From Other Governments	4,123,875	-	-	4,123,875
Other Receivables	57,000	-	-	57,000
Prepaid Expenses	769,337	-	-	769,337
TOTAL ASSETS	**$ 32,452,089**	**$ 1,019,771**	**$ 4,061,091**	**$ 37,532,951**
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Due to Other Funds	$ 7,159	$ 704,728	$ -	$ 711,887
Accounts Payable	4,024,347	-	1,350,497	5,374,844
Accrued Salaries and Benefits	7,296,609	-	-	7,296,609
Unearned Revenues	85,337	-	-	85,337
Other Current Liabilities	11,093	-	-	11,093
TOTAL LIABILITIES	**$ 11,424,545**	**$ 704,728**	**$ 1,350,497**	**$ 13,479,770**
DEFERRED INFLOW OF RESOURCES:				
Delinquent Real Estate Taxes	$ 8,244,284	$ -	$ -	$ 8,244,284
TOTAL DEFERRED INFLOW OF RESOURCES	**$ 8,244,284**	**$ -**	**$ -**	**$ 8,244,284**
FUND BALANCES:				
Nonspendable	$ 769,337	$ -	$ -	$ 769,337
Restricted	117,254	-	-	117,254
Assigned	-	315,043	2,710,594	3,025,637
Unassigned	11,896,669	-	-	11,896,669
TOTAL FUND BALANCES	**$ 12,783,260**	**$ 315,043**	**$ 2,710,594**	**$ 15,808,897**
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	**$ 32,452,089**	**$ 1,019,771**	**$ 4,061,091**	**$ 37,532,951**

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, 2017

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

Total fund balances of governmental funds		**$ 15,808,897**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $105,414,051 and the accumulated depreciation is $54,611,805.		50,802,246
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.		8,244,284
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	$ (26,883,961)	
Deferred Interest on Refunding	1,493,408	
Accrued interest	(246,071)	
Other Post Employment Benefits	(7,806,127)	
Net Pension Liability	(99,708,336)	
Deferred Inflows of Resources - Pension	(2,514,298)	
Deferred Outflows of Resources - Pension	15,184,719	
Compensated absences	(153,658)	(120,634,324)
Total net position of governmental activities		**$ (45,778,897)**

The accompanying notes are an integral part of these financial statements

EXHIBIT E

WOODLAND HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

		------ CAPITAL PROJECT FUNDS -----		
	GENERAL FUND	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	$ 55,881,699	$ 1,507	$ 20,730	$ 55,903,936
State Sources	31,470,207	-	-	31,470,207
Federal Sources	3,858,308	-	-	3,858,308
Total Revenue	**$ 91,210,214**	**$ 1,507**	**$ 20,730**	**$ 91,232,451**
EXPENDITURES				
Instruction	$ 58,781,439	$ -	$ -	$ 58,781,439
Support Services	24,670,274	-	1,441	24,671,715
Noninstructional Services	1,390,970	-	-	1,390,970
Capital Outlay	-	159,218	2,516,081	2,675,299
Debt Service	5,707,232	-	-	5,707,232
Refund Prior Year Revenues	24,371	-	-	24,371
Total Expenditures	**$ 90,574,286**	**$ 159,218**	**$ 2,517,522**	**$ 93,251,026**
Excess (Deficiency) of Revenue over Expenditures	**$ 635,928**	**$ (157,711)**	**$ (2,496,792)**	**$ (2,018,575)**
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	$ 5,455,000	$ -	$ -	$ 5,455,000
Sale of Property	703,525	-	-	703,525
Insurance Recoveries	53,937	-	-	53,937
Total Other Financing Sources (Uses)	**$ 6,212,462**	**$ -**	**$ -**	**$ 6,212,462**
NET CHANGE IN FUND BALANCES	**$ 6,848,390**	**$ (157,711)**	**$ (2,496,792)**	**$ 4,193,887**
FUND BALANCE - JULY 1, 2016	6,003,445	472,754	5,207,386	11,683,585
Prior Period Adjustment	(68,575)	-	-	(68,575)
FUND BALANCE - JUNE 30, 2017	**$ 12,783,260**	**$ 315,043**	**$ 2,710,594**	**$ 15,808,897**

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, 2017

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

Net Change in fund balances - total governmental funds		**$ 4,193,887**
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	2,733,106	
Depreciation expense	(2,746,387)	(13,281)
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	4,940,000	
Proceeds from long-term debt	(5,455,000)	
Amortization of deferred interest	(459,504)	
Change in accrued interest	18,896	
Amortization of bond premium	262,753	(692,855)
Governmental funds do not report the changes in the Pension expense:		
Change in Net Pension Liability	(9,179,340)	
Pension Expense	5,602,954	(3,576,386)
Governmental funds do not report the changes in compensated absences:		(3,803)
Governmental funds do not report the changes in the Other Post Employment Benefit liability:		(932,599)
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	8,244,284	
Prior year	(8,078,161)	166,123
Changes in net position of governmental activities		**$ (858,914)**

The accompanying notes are an integral part of these financial statements

EXHIBIT G

WOODLAND HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

		FOOD SERVICES
ASSETS		
Current Assets:		
Cash (Note 2)	$	28,184
Investments (Note 2)		334,069
Due From Other Funds (Note 14)		7,159
Due From Other Governments (Note 4)		314,064
Other Accounts Receivable		218
Inventories		27,099
TOTAL CURRENT ASSETS	**$**	**710,793**
Noncurrent Assets:		
Furniture and Equipment (net) (Note 8)		101,056
TOTAL NONCURRENT ASSETS		**101,056**
TOTAL ASSETS	**$**	**811,849**
LIABILITIES		
Current Liabilities:		
Due To Other Funds (Note 14)	$	5
Accounts Payable		301,054
Unearned Revenues (Note 6)		31,260
TOTAL CURRENT LIABILITIES		**332,319**
TOTAL LIABILITIES		**332,319**
NET POSITION		
Net Investment in Capital Assets		101,056
Unrestricted		378,474
TOTAL NET POSITION		**479,530**
TOTAL LIABILITIES AND NET POSITION	**$**	**811,849**

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, 2017

	FOOD SERVICES
OPERATING REVENUES	
Food Services Revenue	$ 139,196
Total Operating Revenues	**139,196**
OPERATING EXPENSES	
Purchased Property Service	5,069
Other Purchased Service - Contracted Services (Nutrition)	2,315,630
Supplies	112,607
Depreciation	20,065
Other Operating Expenditures	1,251
Total Operating Expenses	**2,454,622**
OPERATING LOSS	**(2,315,426)**
NONOPERATING REVENUES (EXPENSES)	
Earnings on investments	1,370
State sources	98,835
Federal sources	2,456,399
Total Nonoperating Revenues (Expenses)	**2,556,604**
CHANGE IN NET POSITION	**241,178**
NET POSITION - JULY 1, 2016	238,352
NET POSITION - JUNE 30, 2017	**$ 479,530**

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, 2017

	FOOD SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	$ 133,646
Cash Payments to Suppliers for Goods and Services	(2,348,674)
Net Cash (Used for) Operating Activities	**(2,215,028)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	98,835
Federal Sources	2,346,137
Net Cash Provided by Non-Capital Financing Activities	**2,444,972**
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	1,370
(Increase) Decrease in Deposits to PSDLAF Invesment Account	(238,909)
Net Cash Used in Investing Activities	**(237,539)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,595)**
CASH AND CASH EQUIVALENTS - JULY 1, 2016	35,779
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	**$ 28,184**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	$ (2,315,426)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:	
Increase (Decrease) in Cash and Cash Equivalents	
Depreciation	20,065
Other Adjustments - Donated Commodities	110,262
(Increase) Decrease in Advances to Other Fund	(7,159)
(Increase) Decrease in Accounts Receivable	68,636
(Increase) Decrease in Inventories	(10,894)
Increase (Decrease) in Accounts Payable	(91,404)
Increase (Decrease) in Advances from Other Funds	5
Increase (Decrease) in Unearned Revenue	10,887
Total Adjustments	**100,398**
NET CASH (USED FOR) OPERATING ACTIVITIES	**$ (2,215,028)**

NONCASH NONCAPITAL FINANCING ACTIVITIES:
During the year, the District received $110,262 of food commodities from the U.S. Department of Agriculture.

The accompanying notes are an integral part of these financial statements

EXHIBIT J

WOODLAND HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$ 24,564	$ 125,873
TOTAL ASSETS	**$ 24,564**	**$ 125,873**
LIABILITIES		
Other Current Liabilities	$ -	$ 125,873
TOTAL LIABILITIES	**$ -**	**$ 125,873**
NET POSITION		
Restricted	$ 24,564	$ -
TOTAL NET POSITION	**$ 24,564**	**$ -**

The accompanying notes are an integral part of these financial statements

EXHIBIT K

WOODLAND HILLS SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	PRIVATE PURPOSE TRUST FUND
ADDITIONS	
Gifts and Contributions	$ 1,200
Other Additions	20
DEDUCTIONS	
Scholarships Awarded	2,400
CHANGE IN NET POSITION	**(1,180)**
NET POSITION - JULY 1, 2015	**25,744**
NET POSITION - JUNE 30, 2016	**$ 24,564**

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, with the implementation of the Plan for Excellence, restructured, and with the start of the 2015-2016 school year, 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 school for grades 2-12. This District also serves several 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 $180,191 are included as part of 'local source' revenues in Exhibit E. However, $46,410 was donated but to be used for atypical expenses and are not included as normal operating revenues in regards to this synopsis. Library expenditures totaling $169,903 are included as part of 'Operation and Maintenance of Plant Services' and 'Community Services' in Exhibit E. Therefore, the excess of expenditures over the revised revenues ($133,781) totaling $36,122 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 East Vocational-Technical School
  - 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, 2017 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 2016-2017, and **(3)** other miscellaneous revenues earned in fiscal year 2016-2017 but received subsequent to June 30, 2017. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflow of resources'.

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, 2017, are those for which the Board of Education's intention was to expense these items as budgeted for the 2016-2017 official budget, and for which the District has incurred an obligation during 2016, but has not paid as of June 30, 2017.

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 15, 2016, the Woodland Hills School District adopted its fiscal year June 30, 2017 annual budget for the general fund totaling $94,126,731 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 40). 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:

CATEGORY	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES
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 July 26, 2016, The Board of School Directors adopted a Resolution to authorize the issuance for General Obligation Notes in the amount of $5,455,000. The cost of issuance for these Notes was $100,758.

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.

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 $153,658 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

- 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017 was approximately 13% of its 2017-2018 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017, Woodland Hills School District had the following carrying values on its cash and cash equivalents with PNC Bank:

	BANK BALANCE	CARRYING VALUE
General Fund	$ 1,909,702	$ 1,382,324
Capital Reserve Fund	1,978	1,978
Enterprise Fund	28,189	28,184
Private Purpose Trust Fund	25,164	24,564
Agency Funds	125,873	125,873
	$ 2,090,906	$ 1,562,923

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.

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, 2017, $1,840,906 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.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS:

The fair value and maturity term of the District's investments as of June 30, 2017 are as follows:

	Fair Value	No Stated Maturity	2-12 Months
Governmental:			
PSDLAF	$ 5,821,138	$ 5,821,138	$ -
PSDLAF - Flex	11,000,000	-	11,000,000
PLGIT	4,395,620	4,395,620	-
	$ 21,216,758	$ 10,216,758	$ 11,000,000
Business-Type:			
PSDLAF	$ 334,069	$ 334,069	$ -

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, 2017, 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, 2017 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.

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, 2017, 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 2016-2017 fiscal year was 25.35 mills, which represents $25.354 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 15th of the year following levy. The final tax collector reconciliations reflected $4,310,992 in unpaid 2016 property taxes, which represents 8% of the total assessed property taxes ($48,813,786) for the fiscal year.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of $10,992,379, net of an allowance for doubtful accounts of $2,748,095, totaling $8,244,284. 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, 2017:

Property Taxes (Net)	$ 8,244,284
Deliquent Taxes	247,760
Payment in Lieu of Taxes	11,504
Wage Taxes	708,225
Deed Transfer Taxes	65,173
	$ 9,276,946

NOTE 4 – DUE FROM OTHER GOVERNMENTS

The amount of 'due from other governments' is comprised of the following:

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES
Commonwealth of Pennsylvania:		
State Subsidies	$ 2,493,554	$ 12,499
Federal Grants	957,681	301,565
Access	187,079	-
Charter Schools	386,653	-
Miscellaneous	98,908	-
	$ 4,123,875	$ 314,064

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 $1,071 and 2) miscellaneous amounts of $55,929.

NOTE 6 – UNEARNED REVENUES

Unearned revenue is comprised of the following:

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
Federal Grant Programs	$ 69,467	$ -	$ 69,467
AIU Pass-thru funds	1,870	-	1,870
Contributions (Private Sources)	14,000	-	14,000
Student Account Balances	-	4,161	4,161
Donated Commodities	-	27,099	27,099
	$ 85,337	$ 31,260	$ 116,597

NOTE 7 - OTHER CURRENT LIABILITIES

The 'other current liabilities' balance of $11,093 represents **(1)** escheated property in escrow for the State of Pennsylvania totaling $4,750, **(2)** employee health care premiums received in advance totaling $3,234, **(3)** inter-governmental payable of $2,856, and **(4)** miscellaneous amount of $253.

NOTE 8 - CAPITAL ASSETS

A summary of the governmental and business-type fixed asset activity for the 2016-2017 fiscal year was as follows:

	Balance 7/1/2016 *Restated*	Additions	Deductions	Balance 6/30/2017
Governmental Activities				
Land	$ 2,065,945	$ -	$ 120,775	$ 1,945,170
Site Improvements	9,067,735	83,453	-	9,151,188
Building and Improvements	69,841,503	14,589,226	120,149	84,310,580
Furniture and Equipment	7,867,620	265,744	52,090	8,081,274
Construction in Progress	14,010,382	1,925,839	14,010,382	1,925,839
	$ 102,853,185	$ 16,864,262	$ 14,303,396	$ 105,414,051
Less: Accumulated depreciation				
Site Improvements	$ (4,576,205)	$ (348,102)	-	$ (4,924,307)
Building and Improvements	(40,823,102)	(2,146,889)	(120,149)	(42,849,842)
Furniture and Equipment	(6,638,350)	(251,396)	(52,090)	(6,837,656)
	$ (52,037,657)	$ (2,746,387)	$ (172,239)	$ (54,611,805)
Governmental Activities Capital Assets, Net	**$ 50,815,528**	**$ 14,117,875**	**$ 14,131,157**	**$ 50,802,246**
Business-Type Activities				
Furniture and Equipment	$ 679,406	$ -	$ -	$ 679,406
Less: Accumulated Depreciation	(558,285)	(20,065)	-	(578,350)
Business-Type Activities Capital Assets, Net	**$ 121,121**	**$ (20,065)**	**$ -**	**$ 101,056**

NOTE 8 - CAPITAL ASSETS (Continued)

Included within the above totals are the following fixed asset summaries for the 2016-2017 fiscal year:

The District's Carnegie Free Library of Swissvale (restated the land at 25% to reflect historical cost and additional assets were identified), Athletic Facilities (Wolvarena parcel was identified and reclassified certain assets), and the District's vacant/closed buildings and land (Shaffer, Dickson, the old Administration Building and the Eastmont property).

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
SWISSVALE LIBRARY:				
Land	$ 5,425	$ -	$ -	$ 5,425
Building and Improvements	118,749	-	-	118,749
	$ 124,174	$ -	$ -	$ 124,174
Less: Accumulated depreciation				
Building and Improvements	$ (80,887)	$ (1,985)	-	$ (82,872)
Capital Assets, Net	**$ 43,287**	**$ (1,985)**	**$ -**	**$ 41,302**

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
ATHLETIC FACILITIES:				
Land	$ 156,675	$ -	$ -	$ 156,675
Site Improvements	5,041,275	83,452	-	5,124,727
Building and Improvements	9,357,913	54,372	-	9,412,285
Furniture and Equipment	164,615	-	-	164,615
Construction in Progress	-	165,160	-	165,160
	$ 14,720,478	$ 302,984	$ -	$ 15,023,462
Less: Accumulated depreciation				
Site Improvements	$ (2,508,282)	$ (215,872)	$ -	$ (2,724,154)
Building and Improvements	(3,344,787)	(229,924)	-	(3,574,711)
Furniture and Equipment	(145,578)	(4,320)	-	(149,898)
	$ (5,998,647)	$ (450,116)	$ -	$ (6,448,763)
Capital Assets, Net	**$ 8,721,831**	**$ (147,132)**	**$ -**	**$ 8,574,699**

NOTE 8 - CAPITAL ASSETS (Continued)

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
VACANT BULDINGS:				
Land	$ 427,625	$ -	$ (120,775)	$ 306,850
Site Improvements	228,996	-	-	228,996
Building and Improvements	2,326,409	-	(120,149)	2,206,260
Furniture and Equipment	1,300,111	-	-	1,300,111
	$ 4,283,141	$ -	$ (240,924)	$ 4,042,217
Less: Accumulated depreciation				
Site Improvements	$ (222,377)	$ (282)	-	$ (222,659)
Building and Improvements	(1,992,652)	(15,581)	120,149	(2,128,382)
Furniture and Equipment	(1,108,403)	(8,032)	-	(1,116,435)
	$ (3,323,432)	$ (23,895)	$ 120,149	$ (3,467,476)
Capital Assets, Net	**$ 959,709**	**$ (23,895)**	**$ (120,775)**	**$ 574,741**

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 2,053,160
Instructional Student Support	53,679
Operation and Maintenance of Plant Services	228,540
Pupil Transportation	62,907
Student Activities	348,101
	$ 2,746,387

NOTE 9 - LONG-TERM LIABILITIES

GENERAL OBLIGATION BONDS - SERIES OF 2013

In July of 2013, The Woodland Hills School District issued General Obligation Bonds, 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, 2017 is as follows:

YEAR END JUNE 30,	2013 PRINCIPAL	INTEREST	TOTAL PAYMENT
2018	$ 5,160,000	$ 487,702	$ 5,647,702
2019	5,355,000	289,592	5,644,592
2020	5,480,000	165,201	5,645,201
2021	4,580,000	54,960	4,634,960

NOTE 9 - LONG-TERM LIABILITIES (Continued)

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, 2017 is as follows:

JUNE 30,	PRINCIPAL	INTEREST	PAYMENT
2018	$ 5,000	$ 121,455	$ 126,455
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

In connection with the School District's General Obligation Bond issues, the District received approximately $4,432,860 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 $853,961 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, 2017 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 approximately $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 $1,493,408 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 2016-2017 fiscal year was $459,504 and was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

The Woodland Hills School District received $451,591 in state reimbursements on general obligation bond issues from the Commonwealth of Pennsylvania, based on the amount of its annual principal and interest debt service obligations. This was applicable to the 2005 GOB series which recognized it's final debt payment in the 2015-2016 fiscal year.

The following represents the changes in the District's long-term liabilities during the 2016-2017 fiscal year:

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017	Due Within One Year
General Obligation Bonds	$ 25,515,000	$ 5,455,000	$ 4,940,000	$ 26,030,000	$ 5,165,000
Bond Premium	1,116,714	-	262,753	853,961	-
Compensated Absences	149,855	3,803	-	153,658	-
Pension Liability	90,528,996	9,179,340	-	99,708,336	-
OPEB Obligation	6,873,528	932,599	-	7,806,127	-
	$ 124,184,093	$ 15,570,742	$ 5,202,753	$ 134,552,082	$ 5,165,000

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. During the 2016-2017 fiscal year the District paid $253,079 in operating lease payments. The future annual lease payments are as follows:

YEAR END JUNE 30,	
2018	$ 248,849
2019	113,497
	$ 362,346

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.

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.

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.

NOTE 11 - PENSION PLAN (Continued)

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%.

Employer Contributions - Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2017, the rate of employer's contribution was 30.03% of covered payroll. The 30.03% is comprised of a pension contribution rate of 29.20% for pension benefits and .83% for healthcare insurance premium assistance.

Contributions to the pension plan from the District for the year ended June 30, 2017 were $7,860,937.

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

At June 30, 2017, the School District reported a liability of $99,708,336 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016. The School 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, 2016, the School District's proportion was .2012%, which was a decrease of .0078% from its proportion measured as of June 30, 2016.

NOTE 11 - PENSION PLAN (Continued)

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

For the year ended June 30, 2017, the District recognized pension expense of $5,602,954. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 600,448
Changes in assumptions	2,699,442	-
Net difference between projected and actual investment earnings	4,624,340	-
Changes in proportions	-	1,913,850
Contributions subsequent to the measurement date	7,860,937	-
	$ 15,184,719	$ 2,514,298

The $7,860,937 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, 2017. Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount
2017	$ 1,195,760
2018	2,200,285
2019	1,413,439
	$ 4,809,484

Actuarial Assumptions

The total pension liability as of June 30, 2016 was determined by rolling forward the System's total pension liability as of the June 30, 2015 actuarial valuation to June 30, 2016 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.

NOTE 11 - PENSION PLAN (Continued)

The actuarial assumptions used in the June 30, 2016 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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	22.5%	5.3%
Fixed Income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLP's	5.0%	4.8%
Real estate	12.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	-14.0%	0.5%
Total	100.0%	

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, 2016.

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.

NOTE 11 - PENSION PLAN (Continued)

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:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District's proportionate share of the net pension liability	$ 121,970,000	$ 99,708,336	$ 81,002,000

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.

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 2016-2017 was $679,341.

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.

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 $82,034 to AIU3 for operating expenses, transportation recovery, and institutionalized children, through state subsidy withholdings, for the year-ended June 30, 2017. The Allegheny Intermediate Unit issues separate financial statements annually which can be obtained by contacting the AIU directly.

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

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, Wilkinsburg, 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 2016-2017 fiscal year was $16,122.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

PLAN DESCRIPTION

The Woodland Hills School District administers a single-employer defined benefit healthcare plan (the Plan). The Plan provides for post-employment health care benefits to all eligible employees 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 Plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 45, Accounting and Financial reporting by Employers for Post-employment Benefits Other Than Pensions.

FUNDING POLICY

The contribution requirements of plan members are established and may be amended by the Board of School Directors through contract negotiations. The required contribution is based on projected pay as you go financing requirements. For the year ended June 30, 2017, the District paid health benefits of approximately $1,298,379 for 100 eligible retirees. Of this total, approximately $760,419 was paid out on behalf of 57 retirees that were over the age of 65. There are no assets that have been segregated and restricted to provide for retiree medical benefits.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The District's annual Other Post Employment Benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the District's OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

For Fiscal Year July 1, 2016 to June 30, 2017

Annual Required Contribution	$ 3,295,107
Interest on Net OPEB Obligation	309,309
Adjustments to ARC	(1,332,621)
Annual OPEB Cost	$ 2,271,795
Contributions Made	(1,339,196)
Increase in Net OPEB	$ 932,599
Net OPEB Obligation - Beginning of Year	6,873,528
Net OPEB Obligation - End of Year	$ 7,806,127

The Net OPEB liability of $7,806,127 is reflected as part of Noncurrent Liabilities in the government-wide financial statement of net position (Exhibit A).

FUNDED STATUS AND FUNDING PROGRESS

As if July 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $13,640,326 for the District and the actuarial value of assets was $0 for the plan, resulting in an unfunded actuarial accrued liability (UAAL) of $13,640,326 for the District. The covered payroll (annual payroll of active employees covered by the plan) was $24,717,505 for the District, and the ratio of the UAAL to the covered payroll was 55.18% for the District.

ACTUARIAL ASSUMPTIONS

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

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

The actuarial cost method used was the entry age normal cost method. The following significant assumptions were used in the actuarial valuations as of July 1, 2013: (1) a 4.50% rate of return; (2) rates of turnover ranging from 3.5% at age 25 to 5.5% at age 60; (3) mortality life expectancies are assumed separate rates for preretirement and postretirement using the rates in the PSERS defined benefit pension plan actuarial valuation; (4) no disability as assumed; (5) retirement rates are based on PSERS plan experience and vary by age, gender and service; (6) 100% of employees eligible for a district subsidy, 50% of Administrators and Teachers only eligible for the ACT 110/43 benefit and 25% of the Support Staff only eligible for the Act 110/43 benefit assumed to elect coverage; (7) 60% of employees were assumed to be married and have a spouse covered by the plan; (8) per capita cost for medical and prescription drugs was based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets; (10) retirees contributions were assumed to increase at the same rate as the health care cost trend rate; and (11) health care cost 7% in 2013, decreasing by 0.5% per year to 5.5% in 2016, rates gradually decrease to 5.3% in 2017 to 4.2% by 2089.

NOTE 14 – INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of Interfund Receivables and Payables at June 30, 2017:

	Due from	Due to
Governmental Fund Types		
General Fund	$ 704,733	$ 7,159
Capital Reserve Fund	-	704,728
Total Governmental Fund Type	704,733	711,887
Enterprise Fund		
Food Service	7,159	5
Total Enterprise Fund	7,159	5
Total Internal Balances	$ 711,892	$ 711,892

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 $9,205,686 for the year ended June 30, 2017.

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, 2017, the net assets available for benefits of the Consortium were $47,685,965 of which $1,749,312 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.

NOTE 16 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 $74,000 remaining in collected real estate revenues for those parcels still 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.

CONSTRUCTION COMMITTMENTS

During the fiscal year 2016-2017, the Woodland Hills School District entered into construction contracts for various capital projects totaling approximately $2,676,740. Of this amount $500,460 was spent to finish the Academy Renovation and $1,314,955 was utilized for a District Wide Energy Savings project. Architect, engineering and construction management fees were also committed as the District plans to invest in improvements to the Secondary Campus and a revitalized Intermediate Building. The construction commitments are being funded from the District's Capital Reserve and Capital Project Funds.

NOTE 17 – PENDING GASB PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. The School District is required to adopt statement No. 75 for its fiscal year 2018 financial statements.

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 March 2017, the GASB issued Statement No. 85, "Omnibus 2017". The District is required to adopt Statement No. 85 for its fiscal year 2018 financial statements.

In May 2017, the GASB issued Statement No. 86, "Certain Debt Extinguishment Issues". The District is required to adopt Statement No. 86 for its fiscal year 2018 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.

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 prior period adjustment of $68,575 to the July 1, 2016 fund balance of the District's General Fund represents an adjustment for 211 day employees' salaries that were charged to the subsequent fiscal year.

The following restatement was necessary to reflect the overstatement in the Capital Assets beginning balance due to various reclassifications.

	Beginning Balance	Restatement Amount	Beginning Balance as Restated
Governmental Activities			
Land	$ 1,943,746	$ 122,199	$ 2,065,945
Site Improvements	9,067,735	-	9,067,735
Building and Improvements	67,695,803	2,145,700	69,841,503
Furniture and Equipment	8,064,506	(196,886)	7,867,620
Construction in Progress	14,010,382	-	14,010,382
	$ 100,782,172	$ 2,071,013	$ 102,853,185
Less: Accumulated depreciation			
Site Improvements	$ (4,576,205)	$ -	$ (4,576,205)
Building and Improvements	(38,677,402)	(2,145,700)	(40,823,102)
Furniture and Equipment	(6,441,464)	(196,886)	(6,638,350)
	$ (49,695,071)	$ (2,342,586)	$ (52,037,657)
Governmental Activities Capital Assets, Net	**$ 51,087,101**	**$ (271,573)**	**$ 50,815,528**

Governmental Activities Net Positon, Beginning of Year	$ (44,579,835)
Prior Period Adjustment for General Fund Employee Salaries	(68,575)
Restatement of Capital Assets	(271,573)
Governmental Activities Net Position, Beginning of Year (Restated)	$ (44,919,983)

NOTE 19 – SUBSEQUENT EVENTS

BOND ISSUE

The Woodland Hills School District Board of Education adopted a resolution on July 19, 2017 to authorizing the incurring of non-electoral debt by the issuance of General Obligation Bonds in an aggregate principal amount not to exceed $85,000,000. The District plans on using the funds to add on to and renovate several buildings: Jr/Sr High School; Intermediate School Building; Rankin School Building; and the Swissvale Library Building.

The District plans on borrowing the funds in two or three increments as needed. Our first issue GOB, Series of 2017 was for $10,000,000 and closed on October 24, 2017.

REQUIRED SUPPLIMENTARY INFORMATION

WOODLAND HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL
GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local Sources	$ 53,394,177	$ 53,394,177	$ 55,881,699	$ 2,487,522
State Sources	31,229,483	31,229,483	31,470,207	240,724
Federal Sources	3,314,870	3,314,870	3,858,308	543,438
Other Financing Sources	5,337,000	5,337,000	6,212,462	875,462
Total Revenues	**$ 93,275,530**	**$ 93,275,530**	**$ 97,422,676**	**$ 4,147,146**
EXPENDITURES				
Regular Programs	$ 39,555,328	$ 39,555,328	$ 36,913,594	$ 2,641,734
Special Programs	20,360,112	20,360,112	20,899,636	(539,524)
Vocational Programs	540,000	540,000	679,341	(139,341)
Other Instructional Programs	114,484	114,484	88,443	26,041
Non Public Programs	60,000	60,000	43,633	16,367
Pre-Kindergarten	152,984	152,984	156,792	(3,808)
Pupil Personnel Services	2,685,541	2,685,541	2,953,543	(268,002)
Instructional Staff Services	1,381,692	1,381,692	1,630,556	(248,864)
Administrative Services	5,384,284	5,384,284	4,871,505	512,779
Pupil Health	824,539	824,539	799,949	24,590
Business Services	630,429	630,429	506,475	123,954
Operation & Maintenance of Plant Services	6,045,536	6,045,536	5,337,281	708,255
Student Transportation Services	6,947,814	6,947,814	7,225,423	(277,609)
Central Services	1,488,096	1,488,096	1,285,531	202,565
Other Support Services	70,000	70,000	60,011	9,989
Student Activities	1,195,327	1,195,327	1,087,569	107,758
Community Services	352,760	352,760	303,401	49,359
Refund Prior Year Expenditures	-	-	24,371	(24,371)
Debt Service	5,760,805	5,760,805	5,707,232	53,573
Total Expenditures	**$ 93,549,731**	**$ 93,549,731**	**$ 90,574,286**	**$ 2,975,445**
Excess (Deficiency) of Revenues over Expenditures	**$ (274,201)**	**$ (274,201)**	**$ 6,848,390**	**$ 7,122,591**
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	$ 77,000	$ 77,000	$ -	$ (77,000)
Budgetary Reserve	500,000	500,000		(500,000)
Total Other Financing Sources (Uses)	**$ 577,000**	**$ 577,000**	**$ -**	**$ (577,000)**
NET CHANGE IN FUND BALANCES	**$ 302,799**	**$ 302,799**	**$ 6,848,390**	**$ 6,545,591**
FUND BALANCE - JULY 1, 2016	6,003,445	6,003,445	6,003,445	-
Prior Period Adjustment	-	-	(68,575)	(68,575)
FUND BALANCE - JUNE 30, 2017	**$ 6,306,244**	**$ 6,306,244**	**$ 12,783,260**	**$ 6,477,016**

WOODLAND HILLS SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2017

Schedule of Funding Progress for Post Employment Benefits other than Pensions

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2011	$ -	$ 18,993,023	$ 18,993,023	0.00%	$ 26,094,993	72.78%
7/1/2013	$ -	$ 15,943,582	$ 15,943,582	0.00%	$ 25,983,570	61.36%
7/1/2015	$ -	$ 13,640,326	$ 13,640,326	0.00%	$ 24,717,505	55.18%

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)

	2014	2015	2016
Districts proportion of the net pension liability	0.2116%	0.2090%	0.2012%
District's proportionate share of the net pension liaiblity	$ 83,753	$ 90,529	$ 99,708
District's covered-employee payroll	$ 26,996	$ 26,889	$ 26,056
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.24%	336.68%	382.67%
Plan fiduciary net position as a percentage of the total pension liability	57.24%	54.36%	50.14%

* 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*

	2014	2015	2016	2017
Contractually required contribution	$ 4,610,170	$ 5,795,418	$ 6,717,767	$ 7,860,937
Contributions in relation to the contractually required contribution	4,610,170	5,795,418	6,717,767	7,860,937
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 26,995,800	$ 26,888,772	$ 26,055,963	$ 26,281,294
Contributions as a pecentage of covered-employee payroll	17.08%	21.55%	25.78%	29.91%

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

OTHER SUPPLIMENTARY INFORMATION

WOODLAND HILLS SCHOOL DISTRICT
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS - FOOD SERVICES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets:		
Cash (Note 2)	$ 28,184	$ 35,779
Investments (Note 2)	334,069	95,160
Due From Other Funds	7,159	-
Due From Other Governments (Note 14)	314,064	382,918
Other Accounts Receivable	218	
Inventories	27,099	16,205
TOTAL CURRENT ASSETS	**710,793**	**530,062**
Noncurrent Assets:		
Furniture and Equipment (net) (Note 8)	101,056	121,121
TOTAL NONCURRENT ASSETS	**101,056**	**121,121**
TOTAL ASSETS	**$ 811,849**	**$ 651,183**
LIABILITIES		
Current Liabilities:		
Due To Other Funds (Note 14)	$ 5	$ -
Accounts Payable	301,054	392,458
Unearred Revenues (Note 6)	31,260	20,373
TOTAL CURRENT LIABILITIES	**332,319**	**412,831**
TOTAL LIABILITIES	**332,319**	**412,831**
NET POSITION		
Net Investment in Capital Assets	101,056	121,121
Unrestricted	378,474	117,231
TOTAL NET POSITION	**479,530**	**238,352**
TOTAL LIABILITIES AND NET POSITION	**$ 811,849**	**$ 651,183**

SCHEDULE 2

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, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Food Services Revenue	$ 139,196	$ 137,597
Total Operating Revenues	**139,196**	**137,597**
OPERATING EXPENSES		
Purchased Property Service	5,069	3,464
Other Purchased Service - Contracted Services (Nutrition)	2,315,630	2,550,469
Supplies	112,607	131,318
Depreciation	20,065	20,064
Other Operating Expenditures	1,251	1,050
Total Operating Expenses	**2,454,622**	**2,706,365**
OPERATING INCOME/(LOSS)	**(2,315,426)**	**(2,568,768)**
NONOPERATING REVENUES (EXPENSES)		
Earnings on investments	1,370	265
State sources	98,835	103,052
Federal sources	2,456,399	2,506,051
Total Nonoperating Revenues (Expenses)	**2,556,604**	**2,609,368**
CHANGE IN NET POSITION	**241,178**	**40,600**
NET POSITION - JULY 1, 2016	197,752	197,752
NET POSITION - JUNE 30, 2017	**$ 438,930**	**$ 238,352**

WOODLAND HILLS SCHOOL DISTRICT
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - FOOD SERVICES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Users	$ 133,646	$ 137,597
Cash Payments to Suppliers for Goods and Services	(2,348,674)	(2,506,356)
Net Cash (Used for) Operating Activities	**(2,215,028)**	**(2,368,759)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Sources	98,835	100,788
Federal Sources	2,346,137	2,327,893
Net Cash Provided by Non-Capital Financing Activities	**2,444,972**	**2,428,681**
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	1,370	265
(Increase) Decrease in Deposits to PSDLAF Invesment Account	(238,909)	(30,830)
Net Cash Provided by Investing Activities	**(237,539)**	**(30,565)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(7,595)**	**29,357**
CASH AND CASH EQUIVALENTS - JULY 1, 2016	35,779	6,422
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	**$ 28,184**	**$ 35,779**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	$ (2,315,426)	$ (2,568,768)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH (USED FOR) OPERATING ACTIVITIES:		
Increase (Decrease) in Cash and Cash Equivalents		
Depreciation	20,065	20,064
Other Adjustments - Donated Commodities	110,262	129,185
(Increase) Decrease in Advances to Other Fund	(7,159)	29,106
(Increase) Decrease in Accounts Receivable	68,636	-
(Increase) Decrease in Inventories	(10,894)	(12,020)
Increase (Decrease) in Accounts Payable	(91,404)	22,185
Increase (Decrease) in Advances from Other Funds	5	-
Increase (Decrease) in Unearned Revenue	10,887	11,489
Total Adjustments	**$ 100,398**	**$ 200,009**
NET CASH (USED FOR) OPERATING ACTIVITIES	**$ (2,215,028)**	**$ (2,368,759)**

NONCASH NONCAPITAL FINANCING ACTIVITIES:

During the years ended June 30, 2017 and 2016, the District received $110,262 and $129,185 respectively of food commodities from the U.S. Department of Agriculture.

Woodland Hills School District

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2017

Zelenkofske Axelrod LLC

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, 2017, 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 4, 2017.

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*.

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 Axelrod LLC

ZELENKOFSKE AXELROD LLC

Pittsburgh, Pennsylvania
December 4, 2017

Zelenkofske Axelrod LLC

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, 2017. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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, 2017.

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 Axelrod LLC

ZELENKOSFKE AXELROD LLC

Pittsburgh, Pennsylvania
December 4, 2017

FEDERAL GRANT/PROJECT TITLE	FEDERAL CFDA #		PROJECT CODE	GRANT PERIOD	AWARD AMOUNT	TOTAL REC'D THIS PERIOD		ACCRUED (DEFERRED) REVENUE JULY 1		REVENUE RECOGNIZED	EXPENDITURES		ACCRUED (DEFERRED) JUNE 30
U.S. Department of Education													
Passed through PDE													
Title I	84.010		013 160493	9/18/15-9/30/17	1,884,165	727,795		535,219		192,576	183,610	**(1)**	(8,966)
Title I	84.010		013 170493	7/1/16-9/30/17	2,177,916	1,466,956		-		1,466,956	2,081,230	**(1)**	614,274
Title I Program Improvement	84.010		042 150493	6/5/15-9/30/16	153,307	57,490		(20,314)		77,804	77,804	**(1)**	-
Striving Readers	84.371		143 150493	10/1/15-9/30/16	865,872	57,343		(67,053)		124,396	414,685	**(1)**	290,289
Striving Readers	84.371		143 160493	10/01/16-9/30/17	560,564	306,579		-		306,579	246,078	**(1)**	(60,501)
Title II - Improving Teacher Quality	84.367		020 160493	9/18/15-9/30/16	407,816	62,716		62,716		-	-		-
Title II - Improving Teacher Quality	84.367		020 170493	10/01/16-9/30/17	402,042	348,777		-		348,777	402,042		53,265
						$ 3,027,656		$ 510,568		$ 2,517,088	$ 3,405,449		888,361
Passed through AIU													
IDEA	84.027		062-16-0003	7/1/15-9/30/16	815,694	150,066		150,066		-	-		-
IDEA	84.027		062-17-0-003	07/1/16-9/30/17	1,022,708	1,022,708		-		1,022,708	1,022,708		-
TITLE III	84.365		FA-999-15-0603	7/1/14-9/30/15	1,825	-		(26)		26	26		-
TITLE III	84.365		FA-999-15-0603	7/1/15-9/30/16	1,901	-		(1,901)		1,901	1,608		(293)
TITLE III	84.365		FA-999-15-0603	7/1/16-9/30/17	1,577	1,577		-		1,577	-		(1,577)
Race To the top - Extension	84.413A		N/A	7/1/12-6/30/16	157,609	48,597		48,597		-	-		-
Race To the Top - Extension	84.413A		N/A	7/1/12-6/30/16	5,975	5,975		5,975		-	-		-
						$ 1,228,923		$ 202,711		$ 1,026,212	$ 1,024,342		(1,870)
TOTAL DEPARTMENT OF EDUCATION						**$ 4,256,579**		**$ 713,279**		**$ 3,543,300**	**$ 4,429,791**		**886,491**
U.S. Department of Agriculture													
National School													
Lunch Program	10.555	**(2)**	362	7/1/15-6/30/16	N/A	249,071		249,071		-	-		-
Lunch Program	10.555	**(2)**	362	7/1/16-6/3017	N/A	1,362,284		-		1,559,124	1,559,124		196,840
Breakfast Program	10.553	**(2)**	365	7/1/15-6/30/16	N/A	96,006		96,006		-	-		-
Breakfast Program	10.553	**(2)**	365	7/1/16-6/3017	N/A	539,781		-		617,962	617,962		78,181
Child Care	10.558		164	7/1/15-6/30/16	N/A	7,495		7,495		-	-		-
Child Care	10.558		164	7/1/16-6/3017	N/A	54,804		-		51,731	59,472		(3,073)
Summer Food	10.559		264	7/1/16-8/31/17	N/A	4,326		-		4,326	4,326		-
Fresh Fruit/Vegetable Program	10.582		362	7/1/15-6/30/16	N/A	14,322		14,321		-	-		-
Fresh Fruit/Vegetable Program	10.582		362	7/1/16-6/3017	N/A	91,119		-		112,995	112,995		21,876
Passed through PA Dept. of Agriculture													
National School Lunch Program	10.555	**(2)**	N/A	7/1/16-6/30/17	N/A	121,156	*	12,020	**	110,262	110,262		10,894 ***
TOTAL DEPARTMENT OF AGRICULTURE						$ 2,540,364		$ 378,913		$ 2,456,400	$ 2,464,140		$ 304,718
U.S. Department of Health and Human Services													
Passed through PA Dept of Public Welfare													
Title 19	93.778		N/A	7/1/15-6/30/16		34,718		34,718		-	-		-
Title 19	93.778		N/A	7/1/16-6/30/17		11,879		-		47,680	47,680		35,801
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						$ 46,597		$ 34,718		$ 47,680	$ 47,680		$ 35,801
TOTAL FEDERAL ASSISTANCE						**$ 6,843,540**		**$ 1,126,910**		**$ 6,047,380**	**$ 6,941,611**		**$ 1,227,010**

Reconciliation with federal subsidy confirmation

Per above	$ 6,843,540
School Lunch/Breakfast matching subsidy	102,360
IDEA/RTT/Title III	(1,228,923)
Pre-K Counts Program	141,188
Donated commodities	(121,156)
Title 19	(46,597)
Medical Assistance - ACCESS	380,328
Per confirmation	$ 6,070,740

*** Total USDA Commodity Received**
**** Represents beginning inventory - 7/1/16**
***** Represents ending inventory - 6/30/17**
(1) Denotes Major Program
(2) National School Lunch Program Cluster

WOODLAND HILLS SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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	$617,962
	10.555	1,669,386
		$2,287,348

NOTE 4: RISK-BASED AUDIT APPROACH

The 2016 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
84.371	KTO – Striving Readers

The following low-risk Type A Program was not audited as major:

CFDA	Program
10.553/10.555	Child Nutrition Cluster
84.027	IDEA

The amount expended under programs audited as major federal programs for the year ended June 30, 2017, totaled $3,003,407 or 43.30% 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, 2017

Section I - Summary of Auditor's Results:

Financial Statements

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? __ yes _X_ no

Significant deficiencie(s) identified not considered to be material weaknesses?
____ yes _X_ none reported

Noncompliance material to financial statements noted? ___ yes _X_ no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ____ yes _X_ no

Significant deficiencie(s) identified not considered to be material weaknesses?
____ yes _X_ none reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Program or Cluster
84.010	Title I
84.371	KTO – Striving Readers

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

Auditee qualified as low-risk auditee? _X_ yes __ no

WOODLAND HILLS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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.

WOODLAND HILLS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Status of Prior Audit Findings

No matters were reported.

WOODLAND HILLS SCHOOL DISTRICT
NET POSITION BY COMPONENT

Fiscal Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Governmental Activities										
Net Investment in capital assets	$ 5,740,225	$ 10,006,459	$ 13,279,035	$ 15,630,716	$ 20,329,239	$ 22,730,288	$ 25,783,042	$ 29,155,509	$ 26,408,298	$ 25,411,693
Restricted	25,689,854	27,055,640	-					29,581	78,977	117,254
Unrestricted	(14,788,419)	(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)
Total governmental activities net position	16,641,660	30,448,186	34,720,633	34,136,339	37,618,647	30,788,553	33,801,537	(46,329,761)	(44,579,835)	(45,778,897)
Business-type Activities										
Net Investment in capital assets	22,566	15,191	40,733	70,529	145,163	128,995	142,205	141,185	121,121	101,056
Restricted										
Unrestricted	59,792	31,377	180,379	(70,917)	98,678	126,422	85,425	56,567	117,231	378,474
Total business-type activities net position	82,358	46,568	221,112	(388)	243,841	255,417	227,630	197,752	238,352	479,530
Primary government										
Net Investment in capital assets	5,762,791	10,021,650	13,319,768	15,701,245	20,474,402	22,859,283	25,925,247	29,296,694	26,529,419	25,512,749
Restricted	25,689,854	27,055,640	-					29,581	78,977	117,254
Unrestricted	(14,728,627)	(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)
Total primary government net position	$ 16,724,018	$ 30,494,754	$ 34,941,745	$ 34,135,951	$ 37,862,488	$ 31,043,970	$ 34,029,167	$ (46,132,009)	$ (44,341,483)	$ (45,299,367)

Source: District Audited Financial Statements
Exhibit A

WOODLAND HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Expenses										
Instruction	$ 50,694,207	$ 49,883,966	$ 53,940,662	$ 53,133,614	$ 51,947,151	$ 51,286,554	$ 54,842,898	$ 58,859,590	$ 57,708,511	$ 64,190,973
Instructional Student Support	3,754,491	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
Administrative and Financial Support	5,808,222	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
Operationand Maintenance of Plant	6,483,601	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
Pupil Transportation	6,633,188	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
Student Activities	1,005,316	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
Community Services	583,306	571,160	620,105	604,100	588,029	565,503	630,338	634,061	267,845	316,190
Capital Outlay								4,730	-	-
Interest on Long Term Debt	3,272,694	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
Total Government Activities	78,235,025	76,849,532	81,878,858	81,513,692	77,435,914	74,968,142	80,116,358	85,493,280	82,949,552	92,990,579
Business-type Activities										
Food Services	2,265,435	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
Total primary government expenses	80,500,460	79,028,517	84,091,955	84,120,079	79,835,246	77,367,116	82,441,178	88,147,708	85,655,917	95,445,201
Program revenues										
Governmental Activities										
Charges for Services	296,577	311,105	540,921	436,087	350,866	325,059	358,087	433,574	338,944	254,878
Operating Grants and Contributions	20,426,897	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
Capital Grants and Contributions	-	1,173,162	1,162,666	914,577	831,243	844,405	858,372	857,670	451,591	-
Total governmental program revenues	20,723,474	19,699,680	24,361,783	21,679,477	16,039,335	16,997,602	16,054,693	16,807,062	17,724,637	19,511,141
Business-type activites										
Charges for Services	624,427	590,465	505,750	445,351	442,035	412,151	333,210	137,653	137,597	139,196
Operating Grants and Contributions	1,609,788	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
Total business-type program revenues	2,234,215	2,117,920	2,330,965	2,314,640	2,451,885	2,410,461	2,296,971	2,624,509	2,746,700	2,694,430
Total primary government program revenues	$ 22,957,689	$ 21,817,600	$ 26,692,748	$ 23,994,117	$ 18,491,220	$ 19,408,063	$ 18,351,664	$ 19,431,571	$ 20,471,337	$ 22,205,571

WOODLAND HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Net revenues (expenses)										
Governmental activities	$ (57,511,551)	$ (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)
Business-type activities	(31,220)	(61,065)	117,868	(291,747)	52,553	11,487	(27,849)	(2,919)	40,335	239,808
Total primary governmental expense	(57,542,771)	(57,210,917)	(57,399,207)	(60,125,962)	(61,344,026)	(58,803,458)	(64,089,514)	(68,689,137)	(65,184,580)	(73,239,542)
General Revenues										
Governmental activities										
Taxes:										
Property taxes	48,462,397	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
Grants, subsidies, contributions	13,253,989	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
Investment earnings	2,633,365	1,366,692	423,994	147,948	86,280	68,061	57,011	42,093	49,288	128,399
Miscellanous Income	53,974	40,443	40,798	88,786	350,175	724,172	684,427	320,769	295,744	959,952
Sale of Fixed Assets								5,303		
Transfers	-	(21,705)	(37,790)	(70,000)	(170,000)	-	-	-	-	-
Total governmental activities	64,403,725	59,021,384	61,789,522	59,249,921	62,223,335	64,798,116	67,074,649	68,061,201	66,347,658	72,620,523
Business-type activities										
Investment earnings	7,515	1,570	632	247	223	89	61	41	265	1,370
Miscellanous income	-				21,453	-	-	-	-	-
Transfers	-	21,705	37,790	70,000	170,000	-	-	-	-	-
Total business-type activities	7,515	23,275	38,422	70,247	191,676	89	61	41	265	1,370
Total primary government	64,411,240	59,044,659	61,827,944	59,320,168	62,415,011	64,798,205	67,074,710	68,061,242	66,347,923	72,621,893
Changes in net position										
Governmental activities	6,892,174	1,871,532	4,272,447	(584,294)	826,756	5,983,171	3,012,984	(625,017)	1,122,743	(858,915)
Business-type activities	(23,705)	(37,790)	156,290	(221,500)	244,229	11,576	(27,788)	(29,878)	40,600	241,178
Total primary government	$ 6,868,469	$ 1,833,742	$ 4,428,737	$ (805,794)	$ 1,070,985	$ 5,994,747	$ 2,985,196	$ (654,895)	$ 1,163,343	$ (617,737)

Source: District Audited Financial Statements
Exhibit B

WOODLAND HILLS SCHOOL DISTRICT
GOVERNMENTAL FUNDS- FUND BALANCES

Fiscal Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,454	$ 918,309	$ 755,120	$ 769,337
Restricted								29,581	78,977	117,254
Designated/Assigned	6,718,101	7,485,799	11,208,982	7,805,033	5,889,990	8,848,288	6,077,877			
Undesignated/Unassigned	1,721,850	1,897,037		1,736,294	2,967,120	3,028,603	1,511,767	3,557,398	5,169,348	11,896,669
Total general fund	8,439,951	9,382,836	11,208,982	9,541,327	8,857,110	11,876,891	7,601,098	4,505,288	6,003,445	12,783,260
All other governmental funds										
Reserved										
Capital Purposes	26,404,578	26,946,700	25,982,721	27,049,649	25,313,954	22,089,801	20,223,663	8,632,471	5,680,140	3,025,637
Non-Major	2,881,107	1,800,617	1,339,898	-	-	-	-	-	-	-
Total all other governmental funds	$ 29,285,685	$ 28,747,317	$ 27,322,619	$ 27,049,649	$ 25,313,954	$ 22,089,801	$ 20,223,663	$ 8,632,471	$ 5,680,140	$ 3,025,637
	37,725,636	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

Source: District Audited Financial Statements

WOODLAND HILLS SCHOOL DISTRICT
CHANGES IN FUND BALANCES

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
REVENUES										
Local Sources	45,759,383	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
Local non-tax revenue	1,607,450	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
State Sources	27,312,228	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
Federal Sources	5,111,761	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
Investments earnings	2,633,365	681,199	170,109	76,400	42,160	33,558	31,166	26,322	37,899	151,839
Total Revenue	82,424,187	80,625,662	84,223,337	80,733,561	77,912,850	79,489,454	79,700,953	81,183,052	85,077,046	91,232,451
EXPENDITURES										
Instruction	49,498,830	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
Support Services	22,243,998	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
Noninstructional Services	1,556,815	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
Capital Outlay	1,006,029	1,220,942	1,718,017	69,319	25,000	-	2,729,424	11,471,862	2,964,732	2,675,299
Debt Service										
Principal	3,550,000	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
Interest	2,874,440	2,709,203	2,531,276	2,358,120	2,176,813	1,984,031	828,560	1,046,178	868,202	767,232
Refund Prior Year Receipts	598,956	72,828	105,201	65,832	212,868	41,269	358,226	134,694	56,721	24,371
Total Expenditures	81,329,068	80,199,440	84,119,715	82,388,813	78,427,068	76,469,673	85,238,748	96,651,858	87,174,491	93,251,026
Excess (Deficiency) of Revenue over Expenditures	1,095,119	426,222	103,622	(1,655,252)	(514,218)	3,019,781	(5,537,795)	(15,468,806)	(2,097,445)	(2,018,575)
OTHER FINANCING SOURCES (USES)										
Bonds Issued							31,165,000			
Original Issue Premium							1,038,720			
Refunding Bonds Issued										5,455,000
Proceeds from Extended Term Financing										
Interfund Transfers (From Other Funds)	6,441,440	6,851,203	6,823,276	6,298,120	6,231,813	6,059,031	7,020,691	5,956,177		
Sale/Compensation for Fixed Assets	-							5,303		703,525
Insurance Recoveries								18,863	16,088	53,937
Transfers from Component Unit	-									
Transfers from Primary Government	-									
Debt Service-Refunded Bond Issues	-						(31,954,840)			
Operating Transfers Out	(6,441,440)	(6,872,908)	(6,861,066)	(6,368,120)	(6,178,813)	(6,178,813)	(7,020,691)	(5,956,177)		
Total Other Financing Sources (Uses)	-	(21,705)	(37,790)	(70,000)	53,000	(119,782)	248,880	24,166	16,088	6,212,462
NET CHANGE IN FUND BALANCES	1,095,119	404,517	$ 65,832	$ (1,725,252)	$ (461,218)	$ 2,899,999	$ (5,288,915)	$ (15,444,640)	$ (2,081,357)	$ 4,193,887

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2007-2008	$ 3,550,000	$ 2,874,440	$ 6,424,440	$ 74,904,628	8.58%
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%

Source: District Audited Financial Statements

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

WOODLAND HILLS SCHOOL DISTRICT
GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Fiscal Year	Current Real Estate Tax	Delinquent Real Estate Tax	Real Estate Transfer Tax	Earned Income Tax	Public Utility Realty Tax	Total
2007-2008	$ 38,856,096	$ 2,894,516	$ 359,930	$ 3,745,549	$ 64,270	$ 45,920,361
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	44,856,655
2010-2011	37,681,264	2,849,089	324,517	3,860,451	64,038	44,779,359
2011-2012	37,867,292	2,748,612	332,060	4,516,025	62,483	45,526,472
2012-2013	38,368,250	2,516,037	428,361	5,401,845	59,989	46,774,482
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	47,684,197
2015-2016	39,619,244	4,266,091	900,307	5,359,189	55,766	50,200,597
2016-2017	43,996,945	3,985,057	511,981	5,567,908	53,106	54,114,997

Source: District Audited Financial Statements

WOODLAND HILLS SCHOOL DISTRICT
TOTAL NUMBER OF EMPLOYEES
Unaudited

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
Administration										
Administrators	22	22	30	34	27.5	13	27	21	29	30
Confidential Secretaries	6	6	5	1.5	0.5	0.5	1	1	0	0
Secretaries, Administrative	11	15	15	15	12.5	12	12	14	7	7
Instruction										
Principals	13	13	13	16	16	15	16	15	12	14
Teachers	351	347	358	356	334	353	334.5	329	327	339
Librarians	7	7	7	7	5.5	4	5	5	5	5
Nurses	8	8	9	9	8	8	8	8	7	8
Guidance	14	13	14	11	9	9	5	8	5	5
Secretaries, Aides, Support Staff	74	70	73	67	59	59	59.5	49	67	77
Buildings and Grounds										
Supervisors	2	2	2	2	1	1	1	1	1	1
Maintenance	9	9	9	9	9	6	8	8	8	6
Custodians	58	50	50	48.5	38	31	34	29	29	33
Swissvale Library	8	5	5	8	8	4	5	5	5	5
Total Number of Employees*	583	567	590	584	528	515.5	516	493	502	530

*(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

Year	Minimum Salary*	Median Salary	Maximum Salary**
2007	$34,650.00	$58,974.50	$83,299.00
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

*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 Teachers' 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

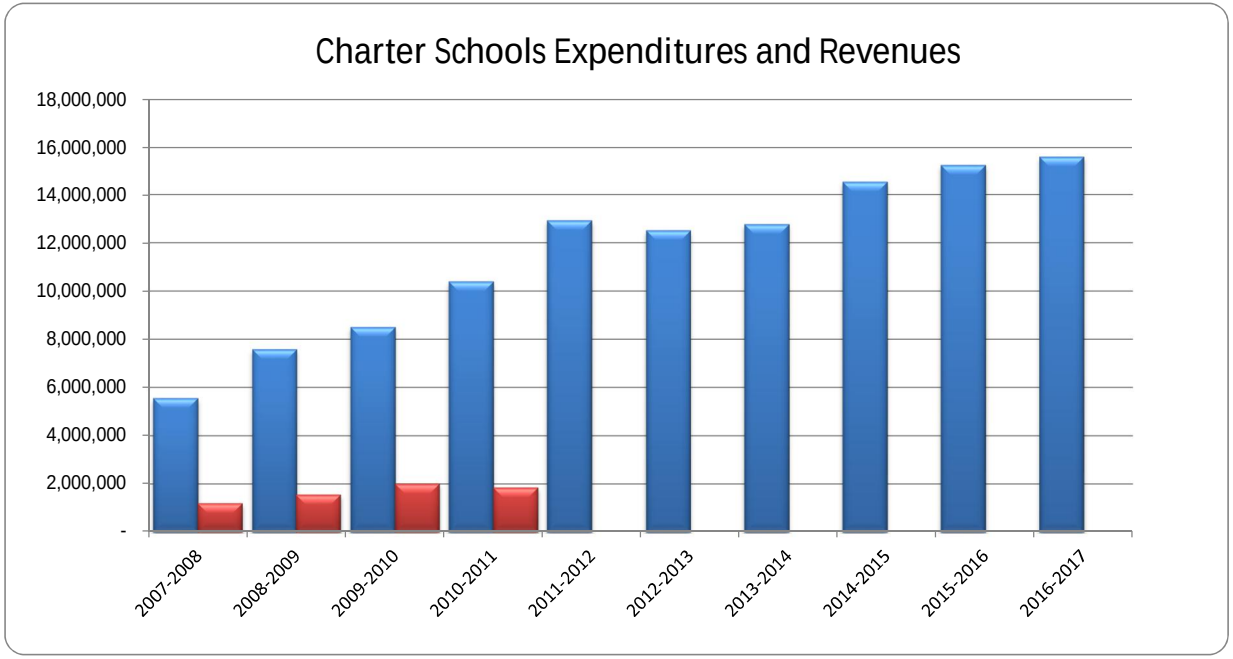
Level 7: Master's + 60 Credits

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.

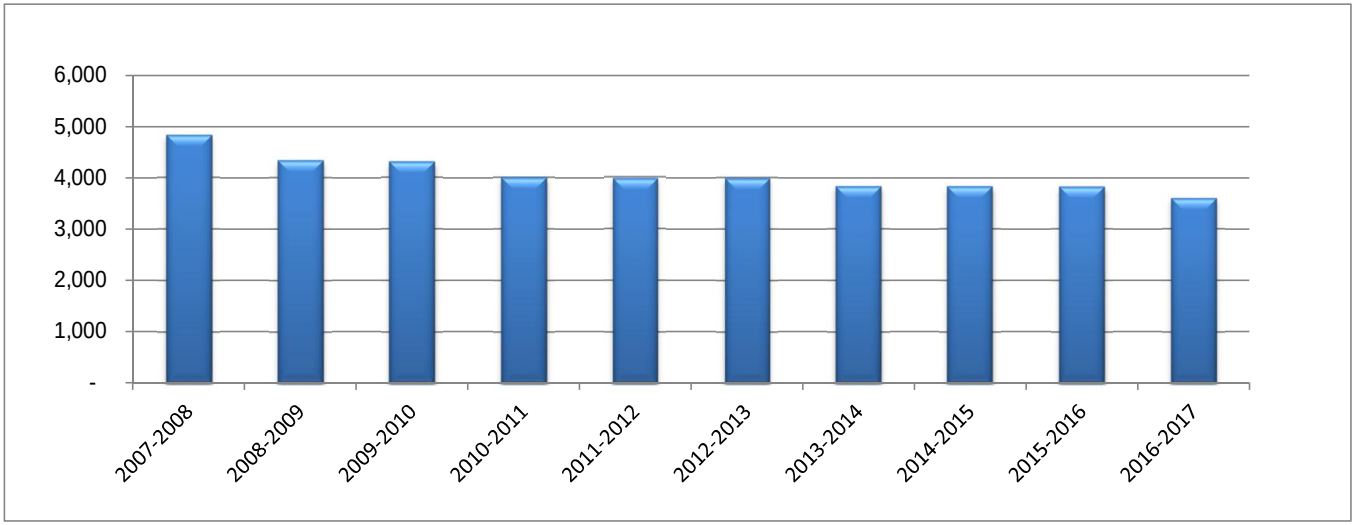
WOODLAND HILLS SCHOOL DISTRICT
CHARTER SCHOOL EXPENDITURES
Unaudited

School Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Expenditures	$ 5,563,487	$ 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
Revenues	1,207,449	1,561,691	2,010,794	1,861,814	-	-	-	-	-	-
	1,672,175	2,036,869	910,602	1,902,276	2,529,956	(407,893)	254,292	1,759,745	698,022	341,921
Percentage Change in Expenditures	42.97%	36.61%	11.98%	22.35%	24.30%	-3.15%	2.03%	13.76%	4.80%	2.24%



WOODLAND HILLS SCHOOL DISTRICT
Enrollment Trend K-12

Fiscal Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Enrollment	4,834	4,343	4,311	4,003	3,980	3,993	3,829	3,828	3,824	3,598

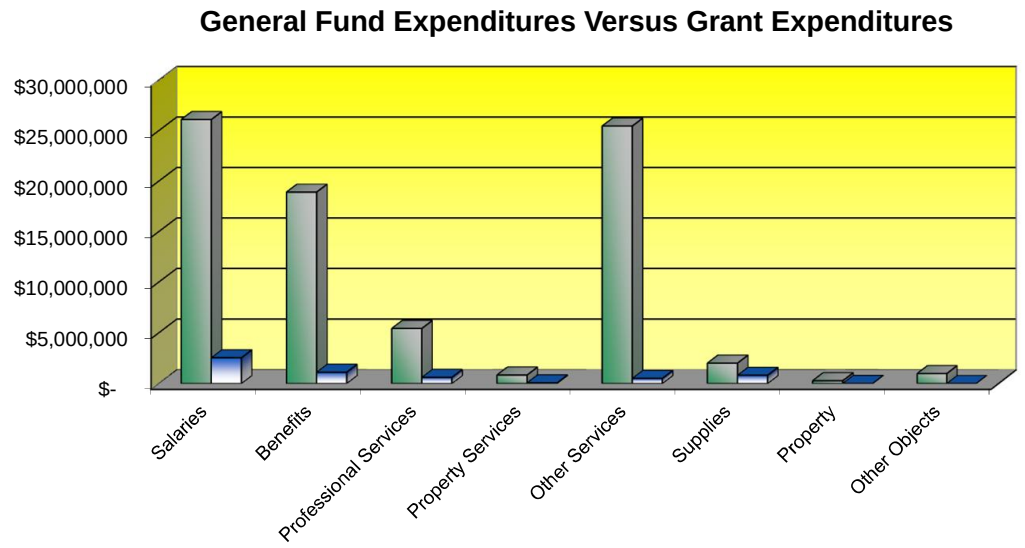


Source: Woodland Hills School District, PDE

WOODLAND HILLS SCHOOL DISTRICT
Grant Expenditure Versus General Fund Expenditures

Unaudited

	Salaries	Benefits	Professional Services	Property Services	Other Services	Supplies	Property	Other Objects
General Fund	$ 26,097,000	$ 18,905,938	$ 5,423,937	$ 836,276	$ 25,451,811	$ 2,012,295	$ 278,983	$ 979,676
Grants	2,540,246	1,109,814	603,289	66,326	502,148	813,964	12,584	-
% of Grants to General Fund	9.73%	5.87%	11.12%	7.93%	1.97%	40.45%	4.51%	0.00%



WOODLAND HILLS SCHOOL DISTRICT
BANK DEPOSIT INFORMATION

Last ten years
Unaudited

As of 6/30/2017	PNC Bank	Citizens/Mellon Bank	Total FDIC Insured Institutions Allegheny County
2008	$ 24,416,859,000	$ 3,830,038,000	$ 53,221,095,000
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

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

Fiscal Year	Operating Expenses	ADM	Cost Per Pupil	Percentage Change
2006-2007	$ 80,309,761	$ 5,537	$ 14,505	17.42%
2007-2008	80,286,278	5,321	15,090	0.56%
2008-2009	78,939,962	5,106	15,460	5.23%
2009-2010	82,498,672	5,105	16,159	5.36%
2010-2011	82,458,813	5,053	16,320	5.58%
2011-2012	78,597,068	5,103	15,403	-2.49%
2012-2013	76,469,673	5,085	15,040	-0.92%
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%

Source: PDE, Child Accounting Department
Average Daily Membership figures **include** students enrolled in charter school
(2016-2017 data is preliminary)

WOODLAND HILLS SCHOOL DISTRICT
PUPIL TEACHER RATIOS
LAST TEN FISCAL YEARS

Fiscal Year	K-12 Enrollment	Teaching Staff	Pupil Teacher Ratio
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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Allegheny County	4.73	4.73	4.73	4.73	4.73	5.69	4.69	4.69	4.69	4.69
School District	25.35	25.35	22.4	22.4	22.4	26.21	25.65	25.65	25.65	24.65
Braddock	12.65	11.65	11.65	11.65	11.15	13.7	11.7	11.7	10.70	10.70
Braddock Hills	8.205	8.205	6.205	6.205	6.205	7	7	7	7.00	7.00
Chalfant	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.90	6.90
Churchill	5.98	5.98	5.48	5.48	4.23	5.75	5.75	5.75	4.75	4.00
East Pittsburgh	13.45	13.45	13.65	13.65	11.89	15.15	15.15	15.15	15.15	12.15
Edgewood	7.185	7.185	7.15	5.9	5.65	8.161	8.161	8.161	6.661	6.661
Forest Hills	8	8	8	8	8	8.35	8.35	8.35	8.35	8.35
North Braddock	11	11	11	11	11	11	11	11	11.00	9.00
Rankin	9.6928	9.6928	9.6928	9.6928	9.6928	13.8	13.8	13.8	13.80	13.80
Swissvale	8	8	8	7.04	7.04	10.1	10.1	9.1	9.10	9.10
Turtle Creek	9.25	9.25	8	8	7.75	8.5	8.5	8.5	8.50	7.50
Wilkins	5.675	5.675	5.674	5.674	4.674	5.513	4.513	4.513	4.513	4.513

Source: Allegheny County Website
@ http://apps.alleghenycounty.us/website/millmuni.asp

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):

	Gross	MVAR	Project Reimbursement	Local Share
General Obligation Debt				
General Obligation Bonds Series C of 2005	$0	0.6701	0.2575	$0
General Obligation Bonds Series D of 2013***	$20,575,000	NA	0.0000	$20,575,000
General Obligation Bonds Series D of 2016***	$5,455,000	NA	0.0000	$5,455,000
General Obligation Bonds Series D of 2017***	$10,000,000	NA	0.0000	$10,000,000
TOTAL DIRECT DEBT	$26,030,000			$26,030,000
Overlapping Debt*				
Braddock Borough	$ -			$ -
Braddock Hills Borough	79,336			79,336
Chalfant Borough	-			-
Churchill Borough	-			-
East Pittsburgh Borough	143,411			143,411
Edgewood Borough	963,205			963,205
Forest Hills Borough	6,733,219			6,733,219
North Braddock Borough	112,421			112,421
Rankin Borough	-			-
Swissvale Borough	536,797			536,797
Turtle Creek Borough	-			-
Wilkins Township	-			-
Allegheny County **	24,750,000			24,750,000
TOTAL OVERLAPPING DEBT	$ 33,318,389			$ 33,318,389
TOTAL NET DIRECT & OVERLAPPING DEBT	$ 59,348,389			$ 59,348,389

*Source: Pennsylvania Department of Community and Economic Development, as of December 31, 2015. 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 $927,490,130. 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 October 31, 2017.

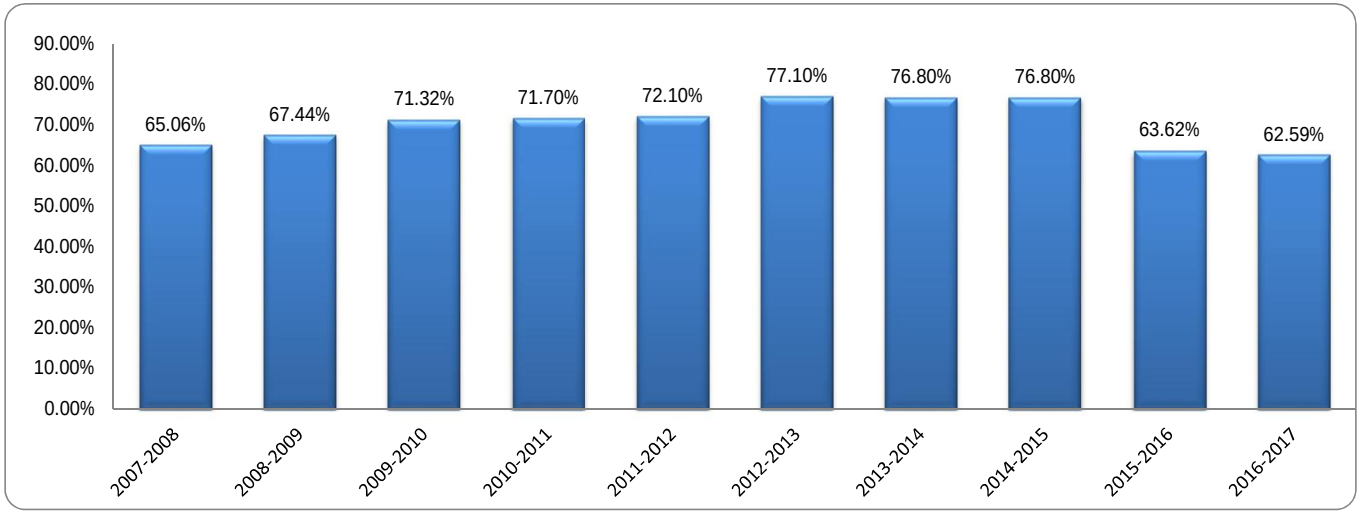
Debt Ratio Calculations (including the issuance of the Bonds)

	Gross Outstanding	Local Share
Net Direct Debt per Capita	$558.07	$558.07
Net Direct Debt to Market Value	1.45%	1.45%
Net Direct and Overlapping Debt per Capita	$1,272.40	$1,272.40
Net Direct and Ovelapping Debt to Market Value	3.30%	3.30%

AGH Valuation (Taxable)	75,885,555,760	Population (ACS 2015- 5YR Est.)	46,643
Woodland Hills	2,025,000,000	2014 STEB Market Value	$ 1,798,364,773
AGH Debt $927,490,130	2.67%		

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

School Code	School Names	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
0DI	Dickson	67.01%	69.38%	82.78%	81.00%	76.30%	84.90%	86.90%	80.70%	-	-
0EJ	East Junior High/Academy	77.13%	-	61.32%	58.10%	57.10%	63.80%	61.30%	62.30%	44.51%	42.91%
0EP	Edgewood	65.75%	69.18%	70.78%	70.80%	70.70%	79.90%	75.20%	73.50%	75.28%	77.57%
0FI	Fairless	82.39%	85.03%	89.82%	91.00%	91.50%	95.60%	94.20%	87.60%	-	-
0SP	Shaffer	78.02%	79.21%	76.21%	76.70%	75.00%	79.90%	80.00%	75.60%	-	-
0WJ	Wilkins	63.41%	77.94%	81.60%	81.60%	80.10%	85.60%	87.20%	80.50%	79.12%	78.07%
	Woodland Hills Intermediate	-	-	-	-	-	-	-	-	76.64%	77.54%
0WP	West Woodland Hills Junior	76.49%	70.66%	75.84%	79.40%	81.90%	84.20%	84.70%	78.70%	-	-
0WH	Woodland Hills Senior	50.63%	53.78%	60.41%	62.40%	66.60%	69.60%	69.30%	68.60%	56.33%	55.59%
Total District Free/Reduced Percentage		**65.06%**	**67.44%**	**71.32%**	**71.70%**	**72.10%**	**77.10%**	**76.80%**	**76.80%**	**63.62%**	**62.59%**



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

Elementary:	Original Construction Date	Addition/ Renovation Date	Grades	Rated Pupil Capacity	2017-18 Enrollment[1]
Woodland Primary Edgewood	1892	2001	K-3	1,383	358
Woodland Hills Primary Wilkins	1939	2000	K-3	760	402
Woodland Hills Promise Rankin	1931	1984	K-12	525	64
Woodland Hills Academy	1919	1978	K-8	978	563
Secondary					
Woodland Hills Intermediate School	1978	1997	4-6	1,182	590
Woodland Hills Jr./Sr. High School	1963	2001	7-12	2,076	1,554
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

[1]1st day enrollment estimates.

Source: School District Officials

Historical Enrollment Trends (Actual and Projected)

Actual Enrollment School Year Ending June 30,	K-6	7-12	Total
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[1]	1,903	1,695	3,598
2017-2018[2]	1,860	1,671	3,531

Projected Enrollment[3] School Year Ending June 30,	K-6	7-12	Total
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

[1]As of October 3, 2016.
[2]As of October 2, 2017.
[3]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).

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 31st, 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.

Fiscal Year	Tax Levy	Current Year Collections	Percent of Collected (Current)	Current and Prior Years' Collections	Percent Collected (Total)
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%

Source: School District Officials

School District Employees

There are approximately 500 employees of the School District, including 327 teachers, 42 administrators and 133 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 which expired August 31, 2017 [renewed effectvie September 1, 2017]. The non-teaching employees are represented by the Woodland Hills School Service Personnel Association, also affiliated with the PSEA. The present non-teaching employees' contract expired on June 30, 2017 [currently under negotiations].

Source: School District Officials

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

Fiscal Year	Annual Gross Pension Contribution
2013-14	$4,037,369
2014-15	5,339,182
2015-16	6,278,320
2016-17	7,860,937
2017-18 Budgeted	9,099,912

Ten Largest Taxpayers

	2017		2016
Taxpayer	**Assessed Value**	**Taxpayer**	**Assessed Value**
PCE Partners, LLC	$55,430,000	PCE Partners, LLC	$42,812,800
Edgewood Station LLC	$24,650,000	Edgewood Station	25,146,700
RIDC	21,540,200	RIDC	21,546,700
Wilkins Hospitality**	14,960,400	Wilkins Hospitality**	14,960,400
Briton Apartments Penn, LLC	11,743,000	Briton Apartments Penn, LLC	11,743,600
US Steel Corporation	10,052,000	US Steel Corporation	10,009,300
Electric Heights Housing	8,700,000	Electric Heights Housing	8,755,800
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
Total	**$171,518,200**	**Total**	**$159,417,300**

Percent of Total AV	**8.56%**
Budgeted 2017-18 Taxable Assessed Value	**$2,004,300,731**

Real Estate Assessment/Tax Data 2017

Millage for 2017	25.35
Aggregate Market Value	2,014,790,681
Aggregate Assessed Value*	2,004,300,731
Face Tax Collectible**	43,737,414

* 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 2015 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

Budget Summary for 2017-2018

Revenues	
Local	$ 54,332,601
State	31,174,812
Federal	2,661,585
Total	$ 88,168,998
Expenditures	
Instruction	$ 59,585,386
Support Services	25,201,197
Operations	1,590,322
Other Financing Uses	6,391,160
Total	$ 92,768,065

Zelenkofske Axelrod LLC

December 4, 2017

Board of School Directors
Woodland Hills School District

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Woodland Hills School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Woodland Hills School District (District) are described in Note 1 to the financial statements. We noted no transactions entered into by Woodland Hills School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements was:

> Management's estimate of the depreciation of capital assets is based on a straight line method which is taken over the useful life of the asset. We evaluated the key factors and assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosures of the Pension and Plan in Note 11 and Postemployment Benefits Other than Pensions in Note 13 to the financial statements are based upon information provided by an actuary.

The District's financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Zelenkofske Axelrod LLC

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Woodland Hills School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Woodland Hills School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the Schedule of Funding Progress for Postemployment Benefits Other Than Pensions, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions – Last 10 Fiscal Years ("collectively the RSI"), which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of District Board Members and management of Woodland Hills School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Zelenkofske Axelrod LLC

Zelenkofske Axelrod, LLC