DEHESA SCHOOL DISTRICT
COUNTY OF SAN DIEGO
EL CAJON, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

Introductory Section

Dehesa School District
Audit Report
For The Year Ended June 30, 2018

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Independent Auditor's Report

To the Board of Trustees
Dehesa School District
El Cajon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dehesa School District ("the District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dehesa School District as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Dehesa School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dehesa School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 and is also not a required part of the basic financial statements.

The combining financial statements and other supplementary information 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 combining financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of Dehesa School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dehesa School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, CA
December 17, 2018

DEHESA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Unaudited)

The discussion and analysis of Dehesa School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's 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. Certain comparative information is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

- The decrease in Local Control Funding Formula (LCFF) sources from 2016-17 to 2017-18 was $243,926.
- The general fund expenditures decreased by $61,937 or 1.5% over the previous year amount.
- General Fund revenues and other sources exceeded expenditures and other uses by $2.2 million.
- The General Fund ended the fiscal year with 55.4% reserves in unrestricted fund balance.

Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Dehesa School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2017-2018?"

The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the School District's activities are reported in governmental funds. The major governmental fund of the District is the General Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Fiduciary Funds

The District is the trustee, or fiduciary, for the student activities funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The School District as a Whole

The District's net position was $3.6 million at June 30, 2018. Of this amount, unrestricted net position was $0.71 million, net investment in capital assets was $0.75 million, and restricted net position was $2.14 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased $2.25 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 77% of total expenses. The administrative activities of the District accounted for just 10% of total costs. The remaining 13% was spent in the areas of plant services and other expenses. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

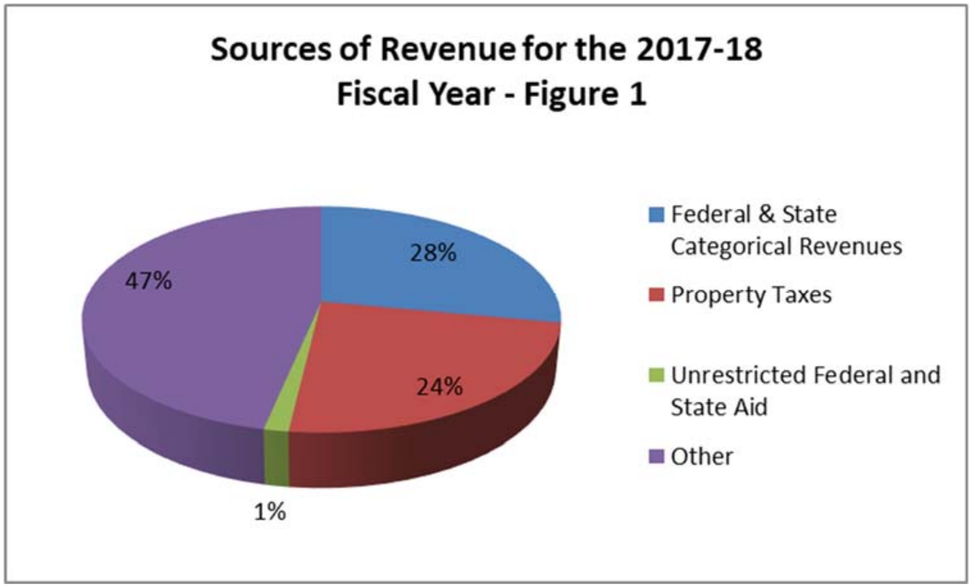
	Governmental Activities	
	June 30, 2018	**June 30, 2017**
Assets		
Cash	$ 9,376,499	$ 2,476,875
Accounts receivable	2,936,963	1,042,968
Stores inventory	0	0
Capital assets, net	5,763,503	5,724,007
Total Assets	$ 18,076,965	$ 9,243,850
Deferred Outflows of Resources		
Deferred outflows of resources - OPEB	$ 16,148	$ 0
Deferred outflows of resources - pensions	773,269	388,655
Total Deferred Outflows of Resources	$ 789,417	$ 388,655
Liabilities		
Accounts payable and other current liabilities	7,136,587	635,060
Unearned revenue	21,588	258
Long-term liabilities	7,480,623	7,414,822
Total Liabilities	14,638,798	8,050,140
Deferred Inflows of Resources		
Deferred inflows of resources - pensions	$ 559,911	$ 277,241
Deferred inflows of resources - OPEB	771	0
Total Deferred Inflows of Resources	$ 560,682	$ 277,241
Net Assets		
Net investment in capital assets	750,421	722,379
Restricted	2,202,060	1,553,381
Unrestricted	714,421	(970,636)
Total Net Position	$ 3,666,902	$ 1,305,124

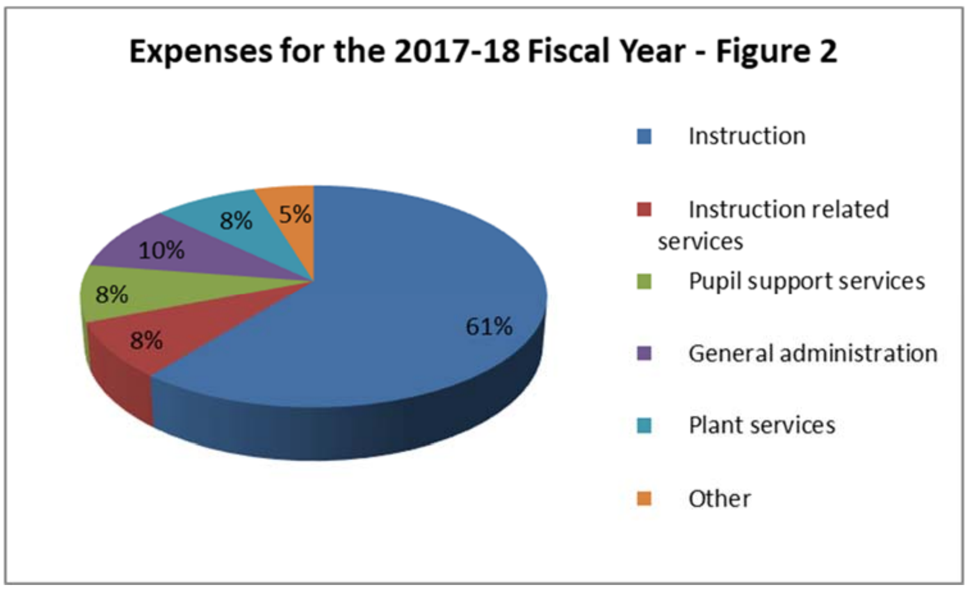
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities	
	June 30, 2018	**June 30, 2017**
Revenues		
Program revenues		
Charges for services	$ 10,391	$ 20,078
Operating and capital grants	1,905,095	1,628,724
General revenues		
Taxes levied for general purposes	1,393,010	1,094,425
Taxes levied for debt service	235,256	186,275
Taxes levied for other specific purposes	0	0
Federal and state aid not restricted to specific purposes	98,159	661,939
Interest and investment earnings	62,173	24,706
Miscellaneous	3,106,802	1,738,009
Total Revenues	6,810,886	5,354,156
Expenses		
Instruction	2,770,458	1,538,430
Instruction related services	375,862	416,606
Pupil support services	379,262	1,717,966
General administration	436,419	401,036
Plant services	376,440	294,236
Other	214,817	214,377
Total Expenses	4,553,258	4,582,651
Increase (Decrease) in Net Position	2,257,628	771,505
Net Position - Beginning Balance	1,305,124	533,619
Adjustment for implementation of GASB 75	104,150	0
Net Position - Ending Balance	$ 3,666,902	$ 1,305,124

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $4.5 million. The amount that our local taxpayers financed for these activities through property taxes was $1.6 million (See Figure 1).





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of $5.2 million, an increase of $2.3 million from the previous fiscal year's combined ending balance of $2.9 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net increase to the ending balance of $0.5 million.

The District ended the year with a $1.8 million increase to the general fund ending balance. The State recommends available reserves of 3% of District expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

(Table 3)
Comparative Schedule of Capital Assets
June 30, 2018 and 2017

	2018	2017	Net $ Change	Net % Change
Land	$ 3,000	$ 3,000	$ 0	0.0%
Land Improvements	304,956	251,457	53,499	21.3%
Buildings & Improvements	7,318,069	7,211,079	106,990	1.5%
Equipment	907,851	772,221	135,630	17.6%
Less Accumulated Depreciation for				
Land Improvements	(35,839)	(21,978)	(13,861)	63.1%
Buildings & Improvements	(1,982,306)	(1,787,589)	(194,717)	10.9%
Equipment	(752,228)	(704,183)	(48,045)	6.8%
Total	$ 5,763,503	$ 5,724,007	$ 39,496	0.7%

Long-Term Debt

At June 30, 2018 the District had $17.9 million in long-term debt outstanding. Table 4 shows a comparative schedule of long-term debt items.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2018 and 2017

	2018	2017	Net $ Change	Net % Change
General Obligation Bonds	$ 5,013,082	$ 5,001,627	$ 11,455	0.2%
Total Long-Term Debt	$ 5,013,082	$ 5,001,627	$ 11,455	0.2%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic downturns and surpluses impact the District's future dramatically. The financial well-being of the District is tied in large measure to the state funding formula which is currently not funding the District at 100%.

The latest enrollment projections indicate a downward trend for the next two school years. Student enrollment and attendance are primary factors in the computation of most funding formulae for public schools in the State of California. While ADA growth is not budgeted until realized in the fall, future growth potential is there, but attendance remains the focal point of every budget report.

Predicting the future requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District currently maximizes restricted funds prior to utilizing unrestricted revenues in the budget development process. In addition, personnel practices will evidence early and effective intervention in identifying appropriate personnel actions that need to occur early in future school years experiencing State economic fallout. The District has an excellent track record in meeting this challenge in what has proven to be a long cycle of lean years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general over0view of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the business office, at Dehesa School District, 4612 Dehesa Rd, El Cajon, California 92019.

Basic Financial Statements

DEHESA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

		Governmental Activities
ASSETS:		
Cash	$	9,376,499
Accounts Receivable		2,936,963
Capital Assets:		
Land		3,000
Land Improvements		304,956
Buildings		7,318,069
Equipment		907,851
Less Accumulated Depreciation		(2,770,373)
Total Assets		18,076,965
DEFERRED OUTFLOWS OF RESOURCES		789,417
LIABILITIES:		
Accounts Payable		7,136,587
Unearned Revenue		21,588
Long-Term Liabilities:		
Due Within One Year		72,415
Due in more Than One Year		7,408,208
Total Liabilities		14,638,798
DEFERRED INFLOWS OF RESOURCES		560,682
NET POSITION:		
Net Investment in Capital Assets		750,421
Restricted For:		
Capital Projects		277,271
Debt Service		142,400
Educational Programs		1,009,598
Other Purposes (Expendable)		770,084
Other Purposes (Nonexpendable)		2,707
Unrestricted		714,421
Total Net Position	$	3,666,902

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	$ 2,770,458	$ -	$ 1,522,382	$ -	$ (1,248,076)
Instruction-Related Services:					
Instructional Supervision and Administration	46,954	-	41,726	-	(5,228)
Instructional Library, Media and Technology	72,862	-	9,038	-	(63,824)
School Site Administration	256,046	-	29,847	-	(226,199)
Pupil Services:					
Home-to-School Transportation	183,640	-	-	-	(183,640)
Food Services	90,219	10,391	45,190	-	(34,638)
All Other Pupil Services	105,403	-	44,482	-	(60,921)
General Administration:					
Centralized Data Processing	-	-	-	-	-
All Other General Administration	436,419	-	7,435	-	(428,984)
Plant Services	376,440	-	204,995	-	(171,445)
Interest on Long-Term Debt	214,817	-	-	-	(214,817)
Total Expenses	$ 4,553,258	$ 10,391	$ 1,905,095	$ -	$ (2,637,772)

General Revenues:	
Taxes and Subventions:	
Taxes Levied for General Purposes	1,393,010
Taxes Levied for Debt Service	235,256
Federal and State Aid Not Restricted to Specific Programs	98,159
Interest and Investment Earnings	62,173
Interagency Revenues	2,789,008
Miscellaneous	317,794
Total General Revenues	$ 4,895,400
Change in Net Position	2,257,628
Net Position - Beginning - As Restated (Note P)	1,409,274
Net Position - Ending	$ 3,666,902

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash in County Treasury	$ 8,814,091	$ 556,921	$ 9,371,012
Cash on Hand and in Banks	-	2,779	2,779
Cash in Revolving Fund	2,707	-	2,707
Accounts Receivable	2,926,856	10,107	2,936,963
Due from Other Funds	29,504	12,976	42,480
Total Assets	11,773,158	582,783	12,355,941
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 7,053,363	$ 1,823	$ 7,055,186
Due to Other Funds	12,976	29,504	42,480
Unearned Revenue	21,588	-	21,588
Total Liabilities	7,087,927	31,327	7,119,254
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	2,707	-	2,707
Restricted Fund Balances	27,284	1,181	28,465
Assigned Fund Balances	1,770,084	550,275	2,320,359
Unassigned:			
Reserve for Economic Uncertainty	619,852	-	619,852
Other Unassigned	2,265,304	-	2,265,304
Total Fund Balance	4,685,231	551,456	5,236,687
Total Liabilities and Fund Balances	$ 11,773,158	$ 582,783	$ 12,355,941

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances, governmental funds		$	5,236,687
Amounts reported for governmental activities in the statement of net position are different because:			
Capital Assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
Capital assets relating to governmental activities, at historical cost:	8,533,876		
Accumulated depreciation:	(2,770,373)		
Net:			5,763,503
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(81,400)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
Deferred outflows of resources relating to pensions			773,269
Deferred inflows of resources relating to pensions			(559,911)
Deferred outflows and inflows of resources related to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.			
Deferred outflows of resources relating to OPEB			16,148
Deferred inflows of resources relating to OPEB			(771)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
General obligation bonds	5,013,082		
Net pension liability	2,299,614		
Net OPEB obligation	132,948		
Compensated absences payable	34,979		
			(7,480,623)
Total net position, governmental activities		$	3,666,902

The accompanying notes are an integral part of this statement.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	$ 1,058,974	$ -	$ 1,058,974
Education Protection Account Funds	193,148	-	193,148
Local Sources	152,809	-	152,809
Federal Revenue	327,120	41,915	369,035
Other State Revenue	387,384	5,407	392,791
Other Local Revenue	4,129,954	537,542	4,667,496
Total Revenues	6,249,389	584,864	6,834,253
Expenditures:			
Current:			
Instruction	2,567,961	-	2,567,961
Instruction - Related Services	370,048	-	370,048
Pupil Services	200,767	145,459	346,226
General Administration	414,393	-	414,393
Plant Services	274,271	93,535	367,806
Capital Outlay	136,930	156,767	293,697
Debt Service:			
Principal	-	4,775	4,775
Interest	-	198,587	198,587
Total Expenditures	3,964,370	599,123	4,563,493
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,285,019	(14,259)	2,270,760
Other Financing Sources (Uses):			
Transfers In	1,323,644	53,723	1,377,367
Transfers Out	(1,377,367)	-	(1,377,367)
Total Other Financing Sources (Uses)	(53,723)	53,723	-
Net Change in Fund Balance	2,231,296	39,464	2,270,760
Fund Balance, July 1	2,453,935	511,992	2,965,927
Fund Balance, June 30	$ 4,685,231	$ 551,456	$ 5,236,687

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT

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

Total change in fund balances, governmental funds		$	2,270,760
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay	296,119		
Depreciation expense	(256,623)		
Net:			39,496
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			4,775
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that iti is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			(28,666)
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:			(36,376)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding, for the period is:			12,437
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:			14,645
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:			(19,443)
Change in net assets of governmental activities - statement of activities		$	2,257,628

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 10,025
Total Assets	10,025
LIABILITIES:	
Due to Student Groups	$ 10,025
Total Liabilities	10,025
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

Dehesa School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

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

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB Statement 14, 39 and 61.

3. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Funds. These funds account for the acquisition and/or construction of all major governmental fixed assets.

Debt Service Funds. These funds account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting**.** Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end**.** Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received**.** Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

4. Encumbrances

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

5. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code.

6. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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 become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property tax revenue, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

c. Expenses/Expenditures

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, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

7. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

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

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized**.**

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	25-50
Building Improvements	10-20
Vehicles	5-7
Office Equipment	3-15
Computer Equipment	5-15

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

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

e. Unearned Revenue

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

i. Minimum Fund Balance

The District maintains a minimum reserve of 5% of general fund expenditures including other financing uses within the general fund. This reserve may be increased from time to time in order to address specific anticipated shortfalls. If necessary, The Special Reserve Fund for Other Than Capital Outlay may also be used to meet the minimum state required reserve level. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures.

Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

8. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

9. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

11. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

12. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

13. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2018. Those newly implemented pronouncements are as follows:

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement replaces the requirements of GASB 45 and GASB 57. This statement establishes standards for recognizing and measuring OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. This statement also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service for defined benefit OPEB.

The District provides a defined benefit OPEB plan that is not administered through a trust, but meets the criteria specified in GASB 75. As a result, the District has adjusted measurement of OPEB liability, OPEB expense, and related deferred outflows and inflows of resources in compliance with GASB 75. The change in accounting policies resulted in an adjustment to beginning net position in order to accurately reflect current period transactions. Additional note disclosures regarding OPEB liability, OPEB expense, and related deferred inflows and outflows of resources are located in Note O. Additional note disclosures regarding the adjustment to beginning net position resulting from this change in accounting policy are located in Note P.

GASB 81 - Irrevocable Split-Interest Agreements

The primary objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government receiving resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. This statement also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In addition, this statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The District does not receive resources pursuant to an irrevocable split-interest agreement, nor does the District have any beneficial interests in irrevocable split interest agreements as of June 30, 2018. The District has adopted the accounting policies in the event that the District obtains a beneficial interest in a future split-interest agreement. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 81.

GASB 85 - Omnibus 2017

The primary objective of this statement is to address practice issues that were identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The statement was issued as a clarifying measure to previously issued statements

The implementation of this statement resulted in a change in how the District recognizes on-behalf payments for the special funding situation for CalSTRS pension. The results of implementing these accounting policies did not have a material effect on the financial statements and did not affect previous periods.

GASB 86 - Certain Debt Extinguishment Issues

The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, other than proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial statements for debt that is defeased in substance.

The District does not have any in-substance defeasance of debt as of June 30, 2018. The District has adopted the accounting policies in the event that the District extinguishes debt through use of a legal extinguishment or through an in-substance defeasance in a future period. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 86.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($9,371,012 as of June 30, 2018). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $9,371,012. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks ($12,804 as of June 30, 2018) and in the revolving fund ($2,707) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

California Government Code requires that a financial institution secure deposits made by State or Local Governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency**.** California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having value of 105% of the secured deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

As of June 30, 2018, the District's bank balances (including revolving cash) was not exposed to custodial credit .

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment**.** Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 3,000	$ -	$ -	$ 3,000
Total capital assets not being depreciated	3,000	-	-	3,000
Capital assets being depreciated:				
Buildings	7,211,079	106,990	-	7,318,069
Improvements	251,457	53,499	-	304,956
Equipment	772,221	135,630	-	907,851
Total capital assets being depreciated	8,234,757	296,119	-	8,530,876
Less accumulated depreciation for:				
Buildings	(1,787,589)	(194,717)	-	(1,982,306)
Improvements	(21,978)	(13,861)	-	(35,839)
Equipment	(704,183)	(48,045)	-	(752,228)
Total accumulated depreciation	(2,513,750)	(256,623)	-	(2,770,373)
Total capital assets being depreciated, net	5,721,007	39,496	-	5,760,503
Governmental activities capital assets, net	$ 5,724,007	$ 39,496	$ -	$ 5,763,503

Depreciation was charged to functions as follows:

Instruction	$ 202,875
Instruction-Related Services	6,158
Pupil Services	33,547
General Administration	2,876
Plant Services	11,167
	$ 256,623

E. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal Government:			
Federal programs	$ 287,687	$ -	$ 287,687
State Government:			
Lottery	6,099	-	6,099
LCFF	93,654	-	93,654
Other state programs	24,615	-	24,615
Local Sources:			
Interest	17,837	-	17,837
Other local sources	2,496,963	10,107	2,507,070
Totals	$ 2,926,855	$ 10,107	$ 2,936,962

All accounts receivable are considered to be collectible in full and as such no allowance for doubtful accounts has been established.

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June, 30 2018 consisted of the following:

Due To Fund	Due From Fund		Amount	Purpose
Child Development Fund	General Fund	$	12,749	Expense reimbursements
Cafeteria Fund	General Fund		13,755	Expense reimbursements
Building Fund	General Fund		3,000	Expense reimbursements
General Fund	Child Developmer		8,629	Expense reimbursements
General Fund	Cafeteria Fund		4,347	Expense reimbursements
	Total	$	42,480	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2018 consisted of the following:

Transfers From	Transfers To		Amount	Reason
General Fund	General Fund	$	1,323,644	Transfer of funds
General Fund	Child Development Fund		29,621	Cash contribution
General Fund	Cafeteria Fund		24,102	Cash contribution
	Total	$	1,377,367	

G. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. During the year ended June 30, 2018, the District did not enter into any short-term debt agreements.

H. Accounts Payable

Accounts payable at June 30, 2018 consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Vendor payables	$ 90,874	$ -	$ 90,874
LCFF state aid	93,654	-	93,654
Pension related liabilities	17,539	-	17,539
Charter school payables	6,845,795	-	6,845,795
Payroll and benefits	5,501	-	5,501
Other	-	1,823	1,823
Totals	$ 7,053,363	$ 1,823	$ 7,055,186

I. Unearned Revenue

Unearned revenue at June 30, 2018 consisted of:

		General Fund
Federal Government:		
Indian Education	$	4,423
Title I		15,822
Title V		1,343
Total		21,588

J. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the net pension liability measurement date are recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, payments made subsequent to the total OPEB liability measurement date, and other items are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2018 is as follows:

Description	Amortization Term	Balance July 1, 2017	Additions	Current Year Amortization	Balance June 30, 2018
Pension related	Varies	$ 388,655	$ 720,111	$ 335,497	$ 773,269
OPEB related	Varies	-	16,148	-	16,148
Total Deferred Outflows of Resources		$ 388,655	$ 736,259	$ 335,497	$ 789,417

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related
2019	$ 356,311	$ 16,148
2020	171,024	-
2021	138,974	-
2022	106,960	-
Total	$ 773,269	$ 16,148

K. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, payments received subsequent to the net pension liability measurement date are recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75, payments made subsequent to the total OPEB liability measurement date, and other items are recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2018 is as follows:

Description	Amortization Term	Balance July 1, 2017	Additions	Current Year Amortization	Balance June 30, 2018
Pension related	Varies	$ 277,241	$ 474,562	$ 191,892	$ 559,911
OPEB related	Varies	881	-	110	771
Total Deferred Inflows of Resources		$ 278,122	$ 474,562	$ 192,002	$ 560,682

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related
2019	$ 191,894	$ 110
2020	153,759	110
2021	119,348	110
2022	94,910	110
2023		110
2024-2038		221
Total	$ 559,911	$ 771

L. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds					
Principal balance	$ 4,590,844	$ -	$ 4,775	$ 4,586,069	$ 24,263
Accreted interest	82,893	28,666	-	111,559	737
Bond premium	327,890	-	12,436	315,454	12,436
Total GO bonds	5,001,627	28,666	17,211	5,013,082	37,436
Net pension liability	2,161,294	138,318	-	2,299,612	-
Compensated absences *	15,536	19,443	-	34,979	34,979
Total OPEB liability	131,338	1,612	-	132,950	-
Total governmental activities	$ 7,309,795	$ 188,039	$ 17,211	$ 7,480,623	$ 72,415

* Other long-term liabilities
The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. General Obligation Bonds

General obligation bonds at June 30, 2018 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2010 Election Series A	07/12/2012	3.00-5.25%	08/01/2043	$ 2,499,852
2012 Election Series A	05/20/2014	3.75-5.50%	08/01/2044	2,170,992
				$ 4,670,844

	Beginning Balance	Increases	Decreases	Ending Balance
2010 Election Series A				
Principal balance	$ 2,419,852	$ -	$ -	$ 2,419,852
Accreted interest	38,223	10,566	-	48,789
Bond premium	187,518	-	7,212	180,306
Total 2010-A Bonds	2,645,593	10,566	7,212	2,648,947
2012 Election Series A				
Principal balance	2,170,992	-	4,775	2,166,217
Accreted interest	44,670	18,100	-	62,770
Bond premium	140,372	-	5,224	135,148
Total 2012-A Bonds	2,356,034	18,100	9,999	2,364,135
Total GO Bonds	$ 5,001,627	$ 28,666	$ 17,211	$ 5,013,082

The annual requirements to amortize the bonds outstanding at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2019	$ 24,263	$ 737	$ 195,063	$ 220,063
2020	23,942	1,058	193,963	218,963
2021	32,848	2,152	193,763	228,763
2022	41,286	3,714	192,863	237,863
2023	54,311	5,689	191,663	251,663
2024-2028	397,357	67,643	932,100	1,397,100
2029-2033	541,133	267,116	867,813	1,676,062
2034-2038	908,076	323,826	780,731	2,012,633
2039-2043	1,797,853	102,148	476,875	2,376,876
2044-2048	765,000	-	32,617	797,617
Totals	$ 4,586,069	$ 774,083	$ 4,057,451	$ 9,417,603

3. Bond Premium

Bond premium arises when the market rate of interest is lower than the stated interest rate on the bond**.** Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond. The premiums are amortized over the life of the bond using the effective interest rate method.

The following bonds were issued at a premium resulting in effective interest as follows:

	2010 Series A Bonds	2012 Series A Bonds
Total Interest	$ 3,075,100	$ 2,659,700
Less Bond Premium	(223,578)	(156,719)
Net Interest	$ 2,851,522	$ 2,502,981
Par Amount of Bonds	$ 2,499,582	$ 2,170,992
Periods	30	30
Effective Interest Rate	3.80%	3.84%

4. Accreted Interest

Accreted interest in the Long-Term Obligation Activity chart represents amounts that have compounded as of June 30, 2018 for bonds which were issued as capital appreciation bonds. Accreted interest in the repayment schedules represent the entire amount that will be repaid in the years the accreted interest becomes due.

5. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to $34,979. This amount is included as part of long-term liabilities in the government-wide financial statements.

6. Net Pension Liability

The District's beginning net pension liability was $2,161,294 and increased by $138,318 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was $2,299,612. See Note N for additional information regarding the net pension liability.

7. Total OPEB Liability

The District's beginning total OPEB liability was $131,338 and increased during the year ended June 30, 2018 by $1,612. The ending total OPEB liability at June 30, 2018 was $132,950. See Note O for additional information regarding the net OPEB liability.

M. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreement (JPA) entities, the San Diego County Schools Risk Management (SDCSRM) and the Fringe Benefit Consortium (FBC). The relationship between the District and the JPAs are such that the JPAs are not component units of the District.

The JPAs arrange for and provide for various types of insurances for its member districts as requested. The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs.

Financial information on the District's share of the SDCSRM and FBC JPAs JPA for the year ended June 30, 2018 was not available at the time this report was issued. The information can be obtained by contacting the JPAs directly.

N. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Provided

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits in effect at June 30, 2018 are summarized as follows:

	CalSTRS	
Hire Date	Before Jan. 1, 2013	On or After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.4%	1.0-2.4%*
Required Employee Contribution Rates (at June 30, 2018)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2018)	14.430%	14.430%
Required State Contribution Rates (at June 30, 2018)	7.863%	7.863%

*Amounts are limited to 120% of Social Security Wage Base.
**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

	CalPERS	
Hire Date	Before Jan. 1, 2013	On or After Jan. 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.5%	1.1-2.5%*
Required Employee Contribution Rates (at June 30, 2018)	7.000%	6.500%
Required Employer Contribution Rates (at June 30, 2018)	15.531%	15.531%

*Amounts are limited to 120% of Social Security Wage Base.

c. Contributions

CalSTRS

For the measurement period ended June 30, 2017 (measurement date), Section 22950 of the California Education Code requires members to contribute monthly to the system 9.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 12.58% of creditable compensation for the measurement period ended June 30, 2017 and 14.43% for the fiscal year ended June 30, 2018. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid in 6.00%, and the employer contribution rate was 13.888% of covered payroll. For the fiscal year ending June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 15.531%.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date) the State contributed 7.429% of salaries creditable to CalSTRS. In accordance with GASB 85 the District recorded these contributions as revenue and expense in the fund financial statements based on contributions made for the measurement period (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contributions reported each fiscal year are based on the District's proportionate share of the States contribution for the measurement period.

Contributions made by the State on behalf of the District for the past three fiscal years are as follows:

Year Ended June 30,	Contribution Rate	Contribution Amount
2016	4.720%	$ 41,880
2017	6.830%	54,429
2018	7.429%	59,561

The State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	On Behalf Pension Expense
2016	$ 79,995
2017	134,329
2018	36,194

d. Contributions Recognized

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), the contributions recognized for each plan were:

	CalSTRS	CalPERS	Total
Contributions - Employer	$ 100,299	$ 67,622	$ 167,921
Contributions - State On Behalf Payments	59,561	-	59,561
Total Contributions	$ 159,860	$ 67,622	$ 227,482

2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018 the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	CalSTRS	CalPERS	Total
Proportionate Share of Net Pension Liability - Governmental	$ 1,394,600	$ 905,012	$ 2,299,612

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to measurement date June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2017 and June 30, 2018 were as follows:

	CalSTRS		
	District's Proportionate Share	State's Proportionate Share	Total For District Employees
Proportion June 30, 2017	0.0018%	0.0010%	0.0028%
Proportion June 30, 2018	0.0015%	0.0009%	0.0024%
Change in Proportion	-0.0003%	-0.0001%	-0.0004%

	CalPERS
	District's Proportionate Share
Proportion June 30, 2017	0.0036%
Proportion June 30, 2018	0.0038%
Change in Proportion	0.0002%

a. Pension Expense

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), pension expense was recognized as follows:

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ (48,941)	$ 187,259	$ 138,318
State On Behalf Pension Expense	36,194	-	36,194
Employer Contributions to Pension Expense	106,305	75,979	182,284
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(12,891)	(7,920)	(20,811)
Differences between actual and expected experiences	(4,814)	(4,518)	(9,332)
Changes in assumptions	(241,135)	(141,004)	(382,139)
Changes in proportionate share	-	(24,778)	(24,778)
Net difference between projected and actual earnings	128	52,318	52,446
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(193)	-	(193)
Changes in assumptions	-	(9,358)	(9,358)
Changes in proportionate share	137,132	(7,444)	129,688
Net difference between projected and actual earnings	131,992	30,541	162,533
Total Pension Expense	$ 103,777	$ 151,075	$ 254,852

b. Deferred Outflows and Inflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ 109,305	$ 75,959	$ 185,264
Differences between actual and expected experience	4,814	42,283	47,097
Changes in assumptions	241,135	141,004	382,139
Changes in employer's proportionate share	-	24,778	24,778
Net difference between projected and actual earnings	289	133,702	133,991
Total Deferred Outflows of Resources	$ 355,543	$ 417,726	$ 773,269

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	$ (309)	$ -	$ (309)
Changes in assumptions	-	(18,717)	(18,717)
Changes in employer's proportionate share	(281,279)	(21,005)	(302,284)
Net difference between projected and actual earnings	(131,992)	(106,609)	(238,601)
Total Deferred Inflows of Resources	$ (413,580)	$ (146,331)	$ (559,911)

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2019. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2019	$ 170,922	$ 185,389	$ (119,913)	$ (71,981)	$ 164,417
2020	61,616	109,408	(119,814)	(33,945)	17,265
2021	61,520	77,454	(96,086)	(23,262)	19,626
2022	61,485	45,475	(77,767)	(17,143)	12,050
Total	$ 355,543	$ 417,726	$ (413,580)	$ (146,331)	$ 213,358

c. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS		CalPERS	
Valuation Date	June 30, 2016		June 30, 2016	
Measurement Date	June 30, 2017		June 30, 2017	
Actuarial Cost Method	Entry Age Normal		Entry Age Normal	
Actuarial Assumptions:				
Discount Rate	7.10%		7.15%	
Inflation	2.75%		2.75%	
Wage Growth	3.50%		3.00%	
Projected Salary Increase	0.5% - 6.4%	(1)	3.10% - 9.00%	(1)
Investment Rate of Return	7.10%	(2)	7.50%	(2)
Mortality	0.073%-22.86%	(3)	0.466%-32.536%	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.1000% for CalSTRS and 7.1500% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalPERS and CalSTRS websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalSTRS and CalPERS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2017-18 fiscal year. CalSTRS and CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS

Asset Class	Assumed Allocation 06/30/2017	Long Term Expected Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

*20 year geometric average used for long term expected real rate of return

CalPERS

Asset Class	Assumed Allocation 06/30/2017	Real Return Years 1-10(1)	Real Return Years 11+(2)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

e. Sensititivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 2,047,719	$ 1,331,563
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 1,394,600	$ 905,012
1% Increase	8.10%	8.15%
Net Pension Liability	$ 864,554	$ 551,153

f. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	$ 7,575,425	$ 5,306,086	$ 2,269,339	$ 825,795	$ 1,443,544
Changes for the year:					
Change in proportionate share	(1,087,452)	(761,689)	(325,763)	(101,910)	(223,853)
Service cost	145,718	-	145,718	54,273	91,445
Interest	486,055	-	486,055	181,032	305,023
Differences between expected and actual experience	9,588	-	9,588	3,571	6,017
Change in assumptions	480,312	-	480,312	178,893	301,419
Contributions:					
Employer	-	100,283	(100,283)	(37,350)	(62,933)
Employee	-	82,684	(82,684)	(30,796)	(51,888)
State On Behalf	-	59,552	(59,552)	(22,180)	(37,372)
Net investment income	-	604,719	(604,719)	(225,228)	(379,491)
Other income	-	1,730	(1,730)	(644)	(1,086)
Benefit payments, including refunds of employee contributions	(334,078)	(334,078)	-	-	-
Administrative expenses	-	(4,382)	4,382	1,632	2,750
Borrowing costs	-	(1,393)	1,393	518	875
Other expenses	-	(246)	246	92	154
Net Changes	(299,857)	(252,820)	(47,037)	1,903	(48,940)
Balance at June 30, 2018	$ 7,275,568	$ 5,053,266	$ 2,222,302	$ 827,702	$ 1,394,600

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2017 (Previously Reported)	$ 2,749,728	$ 2,031,976	$ 717,752
Changes for the year:			
Adjustment for change in proportionate share	118,657	87,685	30,972
Service cost	77,030	-	77,030
Interest	216,839	-	216,839
Differences between expected and actual experience	20,163	-	20,163
Changes in assumptions	176,255	-	176,255
Contributions - Employer	-	67,621	(67,621)
Contributions - Employee	-	34,022	(34,022)
Net plan to plan resource movement	-	(6)	6
Net investment income	-	235,489	(235,489)
Benefit payments, including refunds of employee contributions	(141,211)	(141,211)	-
Administrative expenses	-	(3,127)	3,127
Net Changes	467,733	280,473	187,260
Balance at June 30, 2018	$ 3,217,461	$ 2,312,449	$ 905,012

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

O. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

The District's defined benefit OPEB plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Employees Covered by Benefit Terms

At June 30, 2018, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	19
Total number of participants	21

2. Total OPEB Liability

The District's total OPEB liability of $132,950 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per annum
Salary Increases	3.00% per annum, in aggregate
Discount Rate	3.50% per annum
Healthcare Cost Trend Rates	6.50% decreasing to 5.00%
Retiree's Share of Costs	0.00% of projected premiums

The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1997 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 131,338
Changes for the year:	
Service cost	9,883
Interest	4,598
Changes in assumptions or other inputs	(881)
Benefit payments	(11,988)
Net changes	1,612
Balance at June 30, 2018	$ 132,950

There were no changes in benefit terms for the fiscal year ended June 30, 2018.

Sensitivity of the Total OPEB Liabiltiy to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.40%) or 1-percentage-point-higher (4.40%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	$ 142,159	$ 132,950	$ 124,588

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower (5.50% decreasing to 4.00% per year) or 1-percentage-point higher (7.50% decreasing to 6.00% per year) than the current healthcare cost trend rates:

	1% Decrease 5.50% decreasing to 4.00%	Healthcare Cost Trend Rate 6.50% decreasing to 5.00%	1% Increase 7.50% decreasing to 6.00%
Total OPEB Liability	$ 122,468	$ 132,950	$ 145,318

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018 the District recognized OPEB expense of $14,371. At June 30, 2018 the District reported deferred outflows of resources related to the following sources:

	Deferred Outflows of Resources
Contributions made subsequent to measurement date	$ 16,148

P. Adjustments to Beginning Net Position

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Implementation of GASB Statement No. 75 resulted in a change in calculations of total OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB. In addition, the District determined that OPEB would fully be accounted for in the government-wide financial statements. The changes due to accounting policies resulted in adjustment to the beginning net position. Beginning net position was adjusted as follows:

	Government Wide Financial Statements
Beginning Net Position - Originally Stated	$ 1,305,126
Adjustments for Accounting Policy Change:	
Total OPEB Liability	104,148
Total Adjustments	104,148
Beginning Net Position - As Restated	$ 1,409,274

Q. Components of Ending Fund Balance

As of June 30, 2018 components of ending fund balance consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balances			
Revolving Cash	$ 2,707	$ -	$ 2,707
Restricted Fund Balances			
Lottery: Instructional Materials	9,598	1,181	10,779
Other Restricted	17,686	-	17,686
Assigned Fund Balances			
Deferred Maintenance	-	2	2
Debt Service	-	142,400	142,400
Capital Projects	-	277,272	277,272
Post Employment Benefits	770,084	-	770,084
Other Assigned	1,000,000	130,601	1,130,601
Unassigned Fund Balances			
For Economic Uncertainty	619,852	-	619,852
Other Unassigned	2,265,304	-	2,265,304
Total Fund Balance	$ 4,685,231	$ 551,456	$ 5,236,687

R. Risk Management

The District is exposed to risk of losses due to:

a. Torts,
b. Theft of, damage to, or destruction of assets,
c. Business interruption,
d. Errors or omissions,
e. Job related illnesses or injuries to employees,
f. Natural disasters,
g. Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention (self-insurance), risk transfer to and from an insurer, and risk transfer to a noninsurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

S. Commitments and Contingencies

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

T. Subsequent Events

Implementation of New Accounting Guidance

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2019. Those newly implemented pronouncements are as follows:

GASB 83 - Certain Asset Retirement Obligations

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

DEHESA SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 1,077,908	$ 1,116,243	$ 1,058,974	$ (57,269)
Education Protection Account Funds	176,807	175,315	193,148	17,833
Local Sources	130,722	114,298	152,809	38,511
Federal Revenue	360,422	389,664	327,120	(62,544)
Other State Revenue	139,287	382,821	387,384	4,563
Other Local Revenue	1,054,681	2,622,657	4,104,069	1,481,412
Total Revenues	2,939,827	4,800,998	6,223,504	1,422,506
Expenditures:				
Current:				
Certificated Salaries	748,432	869,390	834,307	35,083
Classified Salaries	455,482	506,120	479,806	26,314
Employee Benefits	507,631	534,177	523,821	10,356
Books And Supplies	160,101	288,673	152,260	136,413
Services And Other Operating Expenditures	729,988	1,829,195	1,837,246	(8,051)
Capital Outlay	-	233,500	136,930	96,570
Total Expenditures	2,601,634	4,261,055	3,964,370	296,685
Excess (Deficiency) of Revenues Over (Under) Expenditures	338,193	539,943	2,259,134	1,719,191
Other Financing Sources (Uses):				
Transfers In	55,000	317,800	630,600	312,800
Transfers Out	(47,949)	(384,825)	(1,064,567)	(679,742)
Total Other Financing Sources (Uses)	7,051	(67,025)	(433,967)	(366,942)
Net Change in Fund Balance	345,244	472,918	1,825,167	1,352,249
Fund Balance, July 1	470,128	470,128	470,128	-
Fund Balance, June 30	$ 815,372	$ 943,046	$ 2,295,295	$ 1,352,249

See Accompanying Notes to Required Supplementary Information

EXHIBIT B-2

DEHESA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net" pension liability (asset)	0.0015%	0.0018%	0.0019%	0.0021%	N/A	N/A	N/A	N/A	N/A	N/A
Districts's proportionate share of" the net pension liability (asset)	$ 1,394,600	$ 1,443,542	$ 1,290,433	$ 1,238,358	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	828,127	1,051,456	807,887	818,116	N/A	N/A	N/A	N/A	N/A	N/A
Total	$ 2,222,727	$ 2,494,998	$ 2,098,320	$ 2,056,474	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll"	$ 797,289	$ 766,407	$ 886,738	$ 885,767	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net" pension liability (asset) as a percentage of its covered-employee payroll	174.92%	188.35%	145.53%	139.81%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

DEHESA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 109,305	$ 100,299	$ 95,147	$ 78,656	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(109,305)	(100,299)	(95,147)	(78,656)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	-	-	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 757,482	$ 797,289	886,738	885,767	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.430%	12.580%	10.730%	8.880%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

EXHIBIT B-4

DEHESA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0038%	0.0036%	0.0038%	0.0039%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 905,012	$ 717,752	$ 566,268	$ 442,757	N/A	N/A	N/A	N/A	N/A	$ N/A
District's covered-employee payroll	$ 486,910	$ 440,087	$ 427,220	$ 410,077	N/A	N/A	N/A	N/A	N/A	$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

EXHIBIT B-5

DEHESA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 75,979	$ 67,622	$ 52,137	$ 50,288	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(75,979)	(67,622)	(52,137)	(50,288)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 489,210	$ 486,910	$ 440,086	427,220	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information.

EXHIBIT B-6

DEHESA SCHOOL DISTRICT

SCHEDULE OF CHANGE IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
DSD RETIREE HEALTH PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	SCHEDULE	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	$ 9,883	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Interest	4,598	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(881)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(11,988)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	1,612	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	131,336	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 132,948	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Covered-employee payroll	$ 1,060,000	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's OPEB liability as a percentage of covered-employee payroll	12.54%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

Budgetary Comparison Schedule - General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) was included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

General Fund - Fund Financial Statements Ending Fund Balance	$	4,685,231
Less Fund 20 Fund Balance		(770,084)
Less Fund 17 Fund Balance		(1,619,852)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$	2,295,295

General Fund - Fund Financial Statements Net Change in Fund Balance	$	2,231,296
Change in Fund Balance attributed to Fund 20		(701,406)
Change in Fund Balance attributed to Fund 17		295,277
General Fund - Budgetary Comparison Schedule Change in Fund Balance	$	1,825,167

Excess of Expenditures Over Appropriations

As of June 30, 2018, expenditures exceeded appropriations in individual budgeted funds as follows:

Appropriations Category		Excess Expenditures	Reason for Excess Expenditures
General Fund:			
Services and Other Expenses	$	8,051	Unanticipated expenses

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

Schedule of District's Proportionate Share - California State Teachers' Retirement System

1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits

2) Changes in Assumptions: In 2015, 2016 & 2017 there were no changes in assumptions. In 2018 there was a change in discount rate from 7.60% to 7.10%.

Schedule of District's Contributions - California State Teachers' Retirement System

The total pension liability for California State Teachers Retirement System was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015 & 2016 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016 & 2017 (measurement dates). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018
Measurement Date	06/30/17
Valuation Date	06/30/16
Experience Study	07/01/10 - 06/30/15
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth (Average)	3.50%
Post-retirement Benefit Increases	2.00% Simple

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on CalSTRS website.

Schedule of District's Proportionate Share - California Public Employees Retirement System

1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits

2) Changes in Assumptions: In 2015 and 2017 there were no changes in assumptions. In 2016 the discount rate was changed from 7.5% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%.

Schedule of District's Contributions - California Public Employees' Retirement System

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, & 2016 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016 & 2017 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Schedule of District's Proportionate Share - California Public Employees Retirement System

1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits

2) Changes in Assumptions: In 2015 and 2017 there were no changes in assumptions. In 2016 the discount rate was changed from 7.5% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%.

Schedule of District's Contributions - California Public Employees' Retirement System

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, & 2016 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016 & 2017 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018
Measurement Date	06/30/17
Valuation Date	06/30/16
Experience Study	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth (Average)	3.00%
Post-retirement Benefit Increases	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the April 2014 experience study report (based on demographic data from 1997 to 2011) available on CalPERS website.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

1) Benefit Changes: In 2018 there were no changes to benefits.

2) Changes in Assumptions: In 2018 there were no changes in assumptions.

3) No assets are accumulated in a trust that meets the criteria in GASB Statement No 75 Paragraph 4.

4) The following are the discount rates used for each period:

Year	Discount Rate
2018	3.50%

Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

DEHESA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	$ 134,793	$ 142,401	$ 279,727	$ 556,921
Cash on Hand and in Banks	2,779	-	-	2,779
Accounts Receivable	9,563	-	544	10,107
Due from Other Funds	12,976	-	-	12,976
Total Assets	160,111	142,401	280,271	582,783
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 1,823	$ -	$ -	$ 1,823
Due to Other Funds	26,504	-	3,000	29,504
Total Liabilities	28,327	-	3,000	31,327
Fund Balance:				
Restricted Fund Balances	1,181	-	-	1,181
Assigned Fund Balances	130,603	142,401	277,271	550,275
Total Fund Balance	131,784	142,401	277,271	551,456
Total Liabilities and Fund Balances	$ 160,111	$ 142,401	$ 280,271	$ 582,783

DEHESA SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund: Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	$ 41,915	$ -	$ -	$ 41,915
Other State Revenue	3,094	2,313	-	5,407
Other Local Revenue	38,122	233,986	265,434	537,542
Total Revenues	83,131	236,299	265,434	584,864
Expenditures:				
Current:				
Pupil Services	145,459	-	-	145,459
Plant Services	1,726	-	91,809	93,535
Capital Outlay	-	-	156,767	156,767
Debt Service:				
Principal	-	4,775	-	4,775
Interest	-	198,587	-	198,587
Total Expenditures	147,185	203,362	248,576	599,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,054)	32,937	16,858	(14,259)
Other Financing Sources (Uses):				
Transfers In	53,723	-	-	53,723
Total Other Financing Sources (Uses)	53,723	-	-	53,723
Net Change in Fund Balance	(10,331)	32,937	16,858	39,464
Fund Balance, July 1	142,115	109,464	260,413	511,992
Fund Balance, June 30	$ 131,784	$ 142,401	$ 277,271	$ 551,456

DEHESA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Charter School Fund	Child Development Fund
ASSETS:		
Cash in County Treasury	$ 131,182	$ 2,761
Cash on Hand and in Banks	-	1,928
Accounts Receivable	600	651
Due from Other Funds	-	8,629
Total Assets	131,782	13,969
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ -	$ 1,220
Due to Other Funds	-	12,749
Total Liabilities	-	13,969
Fund Balance:		
Restricted Fund Balances	1,181	-
Assigned Fund Balances	130,601	-
Total Fund Balance	131,782	-
Total Liabilities and Fund Balances	$ 131,782	$ 13,969

Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
$ 848	$ 2	$ 134,793
851	-	2,779
8,312	-	9,563
4,347	-	12,976
14,358	2	160,111
$ 603	$ -	$ 1,823
13,755	-	26,504
14,358	-	28,327
-	-	1,181
-	2	130,603
-	2	131,784
$ 14,358	$ 2	$ 160,111

DEHESA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Charter School Fund	Child Development Fund
Revenues:		
Federal Revenue	$ -	$ -
Other State Revenue	-	-
Other Local Revenue	1,972	25,564
Total Revenues	1,972	25,564
Expenditures:		
Current:		
Pupil Services	-	55,185
Plant Services	-	-
Total Expenditures	-	55,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,972	(29,621)
Other Financing Sources (Uses):		
Transfers In	-	29,621
Total Other Financing Sources (Uses)	-	29,621
Net Change in Fund Balance	1,972	-
Fund Balance, July 1	129,810	-
Fund Balance, June 30	$ 131,782	$ -

Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
$ 41,915	$ -	$ 41,915
3,094	-	3,094
10,573	13	38,122
55,582	13	83,131
90,274	-	145,459
-	1,726	1,726
90,274	1,726	147,185
(34,692)	(1,713)	(64,054)
24,102	-	53,723
24,102	-	53,723
(10,590)	(1,713)	(10,331)
10,590	1,715	142,115
$ -	$ 2	$ 131,784

DEHESA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Building Fund	Capital Facilities Fund	Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	$ 2,825	$ 19,273	$ 257,629	$ 279,727
Accounts Receivable	381	90	73	544
Total Assets	3,206	19,363	257,702	280,271
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Due to Other Funds	$ 3,000	$ -	$ -	$ 3,000
Total Liabilities	3,000	-	-	3,000
Fund Balance:				
Assigned Fund Balances	206	19,363	257,702	277,271
Total Fund Balance	206	19,363	257,702	277,271
Total Liabilities and Fund Balances	$ 3,206	$ 19,363	$ 257,702	$ 280,271

DEHESA SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Building Fund	Capital Facilities Fund	Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:				
Other Local Revenue	$ 2,801	$ 12,481	$ 250,152	$ 265,434
Total Revenues	2,801	12,481	250,152	265,434
Expenditures:				
Current:				
Plant Services	86,421	5,388	-	91,809
Capital Outlay	156,767	-	-	156,767
Total Expenditures	243,188	5,388	-	248,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,387)	7,093	250,152	16,858
Net Change in Fund Balance	(240,387)	7,093	250,152	16,858
Fund Balance, July 1	240,593	12,270	7,550	260,413
Fund Balance, June 30	$ 206	$ 19,363	$ 257,702	$ 277,271

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

The Dehesa School District was established in 1876 and is comprised of approximately 19 square miles, located in San Diego County. There were no changes in the boundaries of the District during the year. The District is currently operating one K-8 elementary school and sponsors seven charter schools.

Governing Board

Name	Office	Term and Term Expiration
Cynthia White	President	Four Year Term Expires November 2018
Karl Becker	Vice President	Four Year Term Expires November 2018
Christina Becker	Clerk	Four Year Term Expires November 2018
Mark Zacovic	Member	Four Year Term Expires November 2020
Karen Kirkpatrick	Member	One Year Term Expires November 2018

Administration

Nancy Hauer
Superintendent

Heather Griffiths
Principal

Anna Buxbaum
Business Manager

DEHESA SCHOOL DISTRICT

TABLE D-1

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	57.54	N/A	58.72	N/A
TK/K-3 Totals	57.54	N/A	58.72	N/A
Grades 4-6:				
Regular ADA	47.52	N/A	47.60	N/A
Grades 4-6 Totals	47.52	N/A	47.60	N/A
Grades 7 and 8:				
Regular ADA	27.30	N/A	27.45	N/A
Grades 7 and 8 Totals	27.30	N/A	27.45	N/A
ADA Totals	132.36	N/A	133.77	N/A

N/A - There were no audit findings which resulted in necessary revisions to attendance.

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

DEHESA SCHOOL DISTRICT

TABLE D-2

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018

Grade Level	Ed. Code 46207 Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	57,180	180	-	Complied
Kindergarten	36,000	57,180	180	-	Complied
Grade 1	50,400	53,580	180	-	Complied
Grade 2	50,400	53,580	180	-	Complied
Grade 3	50,400	57,180	180	-	Complied
Grade 4	54,000	57,180	180	-	Complied
Grade 5	54,000	57,180	180	-	Complied
Grade 6	54,000	57,180	180	-	Complied
Grade 7	54,000	57,180	180	-	Complied
Grade 8	54,000	57,180	180	-	Complied

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District neither met nor exceeded its target funding.

DEHESA SCHOOL DISTRICT

TABLE D-3

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2018

General Fund	Budget 2019 (See Note 1)	2018	2017	2016
Revenues and other financial sources	$ 4,471,892	$ 6,854,104	$ 5,152,311	$ 4,050,596
Expenditures, other uses and transfers out	4,395,625	5,028,937	5,091,157	4,099,157
Change in fund balance (deficit)	76,267	1,825,167	61,154	(48,561)
Ending fund balance	$ 2,371,562	$ 2,295,295	$ 470,128	$ 408,974
Available reserves (See Note 2)	$ 2,353,651	$ 2,265,304	$ 436,205	$ 315,944
Available reserves as a percentage of total outgo (see Note 3)	53.5%	45.0%	8.6%	7.4%
Total long-term debt	$ 4,975,646	$ 5,013,082	$ 5,001,627	$ 4,987,115
Average daily attendance at P-2	136	132	144	174

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

The general fund balance has increased by $1,837,760 over the past three years. The fiscal year 2018-19 budget projects an increase of $76,267. For a district this size, the state recommends available reserves of at least 5% of general fund expenditures, other uses and transfers out.

Long-term debt has increased by $25,967 over the past two years.

Average daily attendance (ADA) has decreased by 42 over the past two years.

Notes:

1. Budget 2019 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances, and all funds reserved for economic uncertainties contained within the General Fund.
3. On behalf payments of $59,561, $54,165, and $66,913, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2018, 2017, and 2016.
4. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) are included with the General Fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.

DEHESA SCHOOL DISTRICT **TABLE D-4**

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	General Fund	Special Reserve Fund (17)	Special Reserve Fund (20)
June 30, 2018 annual financial and budget report fund balances	$ 2,295,295	$ 1,619,852	$ 770,084
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
GASB 54 required inclusion with general fund	2,389,936	(1,619,852)	(770,084)
Net adjustments and reclassifications	2,389,936	(1,619,852)	(770,084)
June 30, 2018, audited financial statement fund balances	$ 4,685,231	$ -	$ -

	Schedule of Long-Term Debt
June 30, 2018, annual financial and budget report total liabilities	$ 7,653,289
Adjustments and reclassifications:	
Increase (decrease) in total liabilities:	
General obligation bonds overstatement	(4,775)
Total OPEB liability overstatement	(169,609)
Other long-term liabilities understatement	1,718
Net adjustments and reclassifications	(172,666)
June 30, 2018, audited financial statement total liabilities	$ 7,480,623

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

DEHESA SCHOOL DISTRICT **TABLE D-5**

SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2018

The following charter schools are chartered by Dehesa School District.

Charter Schools	Included In Audit?
Dehesa Charter School (#086)	No
Diego Hills Charter School (#146)	No
The Heights Charter School (#175)	No
Community Montessori Charter School (#177)	No
Valiant Charter School (#188)	No
Methods Charter School (#187)	No
Inspire Charter School-South (#202)	No
Diego Hills Central Charter (#213)	No
Pacific Coast Academy/Learning Lattitudes (#212)	No
CA Academy of Sports Science (#1914)	No

Other Independent Auditor's Reports

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Dehesa School District
El Cajon, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dehesa School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Dehesa School District's basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

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

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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.

Wilkinson Hadley King & Co. LLP

El Cajon, CA
December 17, 2018

P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance

Board of Trustees
Dehesa School District
El Cajon, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810**.** We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States; and the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Compliance Requirements	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
CHARTER SCHOOLS:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Dehesa School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2018.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, CA
December 17, 2018

Findings and Recommendations Section

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

2. Federal Awards

Internal control over major programs:				
One or more material weaknesses identified?	____	Yes	X	Not Applicable
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	Not Applicable
Type of auditor's report issued on compliance for major programs:	Not Applicable			
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____	Yes	X	Not Applicable

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Not Applicable	Not Applicable

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	____	Yes	X	Not Applicable

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? ____ Yes   X No

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

A. Financial Statement Findings

None

A. Federal Award Findings and Questioned Costs

Not Applicable

C. State Award Findings and Questioned Costs

None

DEHESA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented

There were no findings reported in the June 30, 2017 audit report.