DEHESA SCHOOL DISTRICT
COUNTY OF SAN DIEGO
EL CAJON, CALIFORNIA

AUDIT REPORT

JUNE 30, 2019

Introductory Section

Dehesa School District
Audit Report
For The Year Ended June 30, 2019

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Audit Report
For The Year Ended June 30, 2019

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Financial Section

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

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

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Kevin A. Sproul, CPA

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, 2019, 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, 2019, 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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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, *2018-19 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 April 14, 2020 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, California
April 14, 2020

DEHESA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019
(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, 2019. 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 2017-18 to 2018-19 was $10,774.

- The general fund expenditures increased by $52,733 or 1.3% over the previous year amount.

- General Fund expenditures and other uses exceeded revenues and other sources by $1,127,210.

- The General Fund ended the fiscal year with 77% 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 into 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 2018-2019?"

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 funds of the District are the General Fund, and the Special Reserve Fund for Other Than Capital Outlay Projects. 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 $2.41 million at June 30, 2019. Of this amount, unrestricted net position was $1.70 million, net investment in capital assets was $0.69 million, and restricted net position was $0.017 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position decreased $1.25 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 73% of total expenses. The administrative activities of the District accounted for just 14% of total costs. The remaining 13% was spent in the areas of plant services and other expenses, including debt issuance costs. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

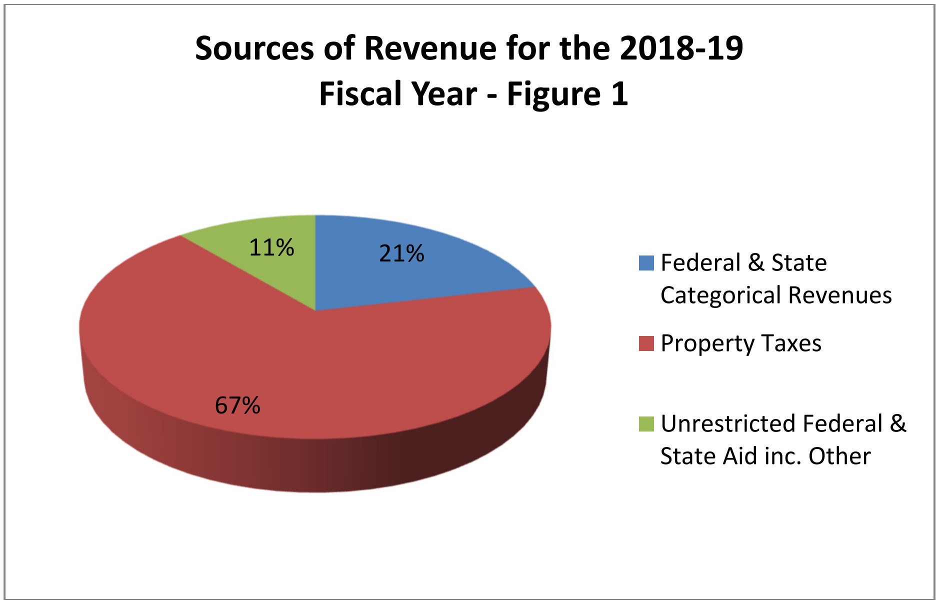
	Governmental Activities	
	June 30, 2019	**June 30, 2018**
Assets		
Cash	$ 14,950,299	9,376,499
Accounts receivable	967,180	2,936,963
Stores inventory		-
Capital assets, net	5,702,950	5,763,503
Total Assets	$ 21,620,429	$ 18,076,965
Deferred Outflows of Resources		
Deferred outflows of resources - OPEB	$ 12,461	16,148
Deferred outflows of resources - pensions	749,155	773,269
Deferred outflows of resources - other	-	-
Total Deferred Outflows of Resources	$ 761,616	$ 789,417
Accounts payable and other current liabilities	11,969,570	7,136,587
Unearned revenue	5,312	21,588
Long-term liabilities	7,443,035	7,480,623
Total Liabilities	19,417,917	14,638,798
Deferred Inflows of Resources		
Deferred inflows of resources - pensions	$ 549,529	559,911
Deferred inflows of resources - OPEB	661	771
Total Deferred Inflows of Resources	$ 550,190	$ 560,682
Net Position		
Net investment in capital assets	697,082	750,421
Restricted	16,804	2,202,060
Unrestricted	1,700,052	714,421
Total Net Position	$ 2,413,938	$ 3,666,902

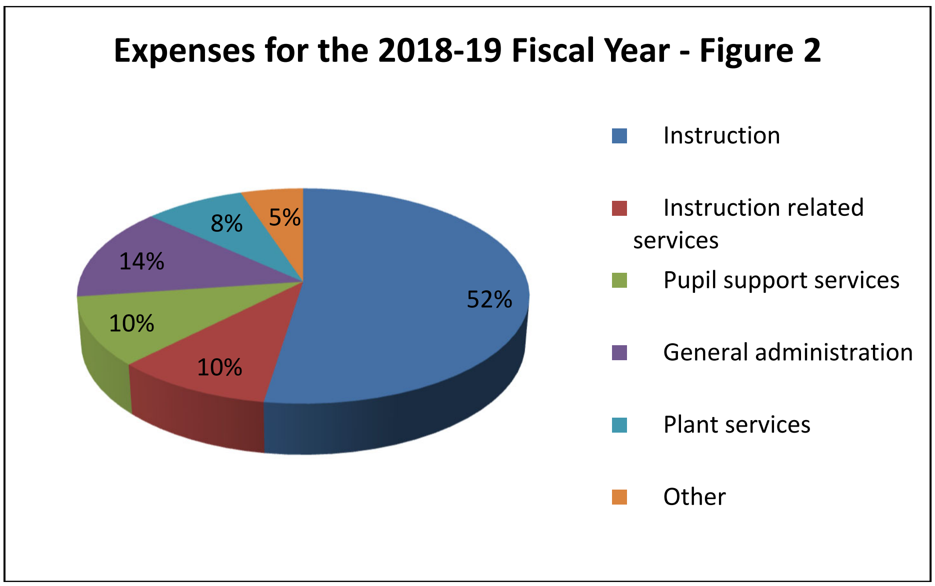
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities	
	June 30, 2019	June 30, 2018
Revenues		
Program revenues		
Charges for services	$ 13,366	$ 10,391
Operating and capital grants	624,334	1,905,095
General revenues		
Taxes levied for general purposes	1,793,687	1,393,010
Taxes levied for debt service	217,830	235,256
Taxes levied for other specific purposes	-	-
Federal and state aid not restricted to specific purposes	(296,588)	98,159
Interest and investment earnings	97,510	62,173
Miscellaneous	530,991	3,106,802
Total Revenues	2,981,130	6,810,886
Expenses		
Instruction	2,220,684	2,770,458
Instruction related services	423,410	375,862
Pupil support services	438,677	379,262
General administration	590,351	436,419
Plant services	345,371	376,440
Other	215,601	214,817
Total Expenses	4,234,094	4,553,258
Increase (Decrease) in Net Position	(1,252,964)	2,257,628
Net Position - Beginning Balance	3,666,902	1,305,124
Adjustment for Implementation of GASB 75	-	104,150
Net Position - Ending Balance	$ 2,413,938	$ 3,666,902

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $4.23 million. The amount that our local taxpayers financed for these activities through property taxes was $2.0 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 $4.02 million, a decrease of $1.18 million from the previous fiscal year's combined ending balance of $5.2 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 decrease to the ending balance of $1.6M. 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, 2019 and 2018

	2019	2018	Net $ Change	Net % Change
Land	$ 3,000	3,000	$ 0	0.0%
Land Improvements	496,882	304,956	191,926	62.9%
Buildings & Improvements	7,318,069	7,318,069	0	0.0%
Equipment	919,100	907,851	11,249	1.2%
Less Accumulated Depreciation for				
Land Improvements	(56,097)	(35,839)	(20,258)	56.5%
Buildings & Improvements	(2,177,023)	(1,982,306)	(194,717)	9.8%
Equipment	(800,981)	(752,228)	(48,753)	100.0%
Total	$ 5,702,950	$ 5,763,503	$ (60,553)	-1.1%

Long-Term Debt

At June 30, 2019 the District had $5.0 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, 2019 and 2018

	2019	2018	Net $ Change	Net % Change
General Obligation Bonds	$ 5,005,868	$ 5,013,082	$ (7,214)	-0.1%
Total Long-Term Debt	$ 5,005,868	$ 5,013,082	$ (7,214)	-0.1%

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 now funding the District at 100%.

The latest enrollment projections indicate a flat 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. The District will take into consideration future changes with its charter schools and oversight costs, which will have an impact on its future revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

DEHESA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

		Governmental Activities
ASSETS:		
Cash	$	14,950,299
Accounts Receivable		967,180
Capital Assets:		
Land		3,000
Land Improvements		496,882
Buildings		7,318,069
Equipment		919,100
Less Accumulated Depreciation		(3,034,101)
Total Assets		21,620,429
DEFERRED OUTFLOWS OF RESOURCES		761,616
LIABILITIES:		
Accounts Payable		11,969,570
Unearned Revenue		5,312
Long-Term Liabilities:		
Due Within One Year		100,024
Due in more Than One Year		7,343,011
Total Liabilities		19,417,917
DEFERRED INFLOWS OF RESOURCES		550,190
NET POSITION:		
Net Investment in Capital Assets		697,082
Restricted For:		
Educational Programs		14,097
Other Purposes (Nonexpendable)		2,707
Unrestricted		1,700,052
Total Net Position	$	2,413,938

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 2,220,684	$ -	$ 505,394	$ -	$ (1,715,290)
Instruction-Related Services:					
Instructional Supervision and Administration	46,593	-	28,070	-	(18,523)
Instructional Library, Media and Technology	69,284	-	-	-	(69,284)
School Site Administration	307,533	-	19,709	-	(287,824)
Pupil Services:					
Home-to-School Transportation	147,359	-	-	-	(147,359)
Food Services	74,713	13,366	34,314	-	(27,033)
All Other Pupil Services	216,605	-	36,218	-	(180,387)
General Administration:					
Centralized Data Processing	17,336	-	-	-	(17,336)
All Other General Administration	573,015	-	629	-	(572,386)
Plant Services	345,371	-	-	-	(345,371)
Interest on Long-Term Debt	215,601	-	-	-	(215,601)
Total Expenses	$ 4,234,094	$ 13,366	$ 624,334	$ -	$ (3,596,394)

General Revenues:	
Taxes and Subventions:	
Taxes Levied for General Purposes	1,793,687
Taxes Levied for Debt Service	217,830
Federal and State Aid Not Restricted to Specific Programs	(296,588)
Interest and Investment Earnings	97,510
Interagency Revenues	473,422
Miscellaneous	57,569
Total General Revenues	$ 2,343,430
Change in Net Position	(1,252,964)
Net Position - Beginning	3,666,902
Net Position - Ending	$ 2,413,938

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash in County Treasury	$ 14,391,334	$ 553,480	$ 14,944,814
Cash on Hand and in Banks	-	2,779	2,779
Cash in Revolving Fund	2,707	-	2,707
Accounts Receivable	965,107	2,071	967,178
Due from Other Funds	1,117,320	20,930	1,138,250
Total Assets	16,476,468	579,260	17,055,728
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 11,880,913	$ 7,504	$ 11,888,417
Due to Other Funds	1,099,649	38,601	1,138,250
Unearned Revenue	5,312	-	5,312
Total Liabilities	12,985,874	46,105	13,031,979
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	2,707	-	2,707
Restricted Fund Balances	12,916	1,181	14,097
Assigned Fund Balances	782,626	531,974	1,314,600
Unassigned:			
Reserve for Economic Uncertainty	2,680,830	-	2,680,830
Other Unassigned	11,515	-	11,515
Total Fund Balance	3,490,594	533,155	4,023,749
Total Liabilities and Fund Balances	$ 16,476,468	$ 579,260	$ 17,055,728

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, 2019

Total fund balances, governmental funds		$ 4,023,749
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:	8,737,051	
Accumulated depreciation:	(3,034,101)	
Net:		5,702,950
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:		(81,152)
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		749,155
Deferred inflows of resources relating to pensions		(549,529)
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		12,461
Deferred inflows of resources relating to OPEB		(661)
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	5,005,868	
Net pension liability	2,248,977	
Total OPEB obligation	138,387	
Compensated absences payable	49,803	
		(7,443,035)
Total net position, governmental activities		$ 2,413,938

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, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	$ 1,017,732	$ -	$ 1,017,732
Education Protection Account Funds	208,574	-	208,574
Local Sources	167,851	-	167,851
Federal Revenue	377,363	31,603	408,966
Other State Revenue	250,388	9,024	259,412
Other Local Revenue	867,985	265,287	1,133,272
Total Revenues	2,889,893	305,914	3,195,807
Expenditures:			
Current:			
Instruction	2,149,630	-	2,149,630
Instruction - Related Services	457,061	-	457,061
Pupil Services	286,412	136,715	423,127
General Administration	586,651	-	586,651
Plant Services	341,784	24,254	366,038
Capital Outlay	195,565	7,610	203,175
Debt Service:			
Principal	-	24,263	24,263
Interest	-	198,800	198,800
Total Expenditures	4,017,103	391,642	4,408,745
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,127,210)	(85,728)	(1,212,938)
Other Financing Sources (Uses):			
Transfers In	366,206	67,635	433,841
Transfers Out	(433,635)	(206)	(433,841)
Total Other Financing Sources (Uses)	(67,429)	67,429	-
Net Change in Fund Balance	(1,194,639)	(18,299)	(1,212,938)
Fund Balance, July 1	4,685,233	551,454	5,236,687
Fund Balance, June 30	$ 3,490,594	$ 533,155	$ 4,023,749

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, 2019

Total change in fund balances, governmental funds		$ (1,212,938)
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	203,175	
Depreciation expense	(263,728)	
Net:		(60,553)
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:		24,263
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:		(29,235)
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:		36,903
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:		12,436
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:		(9,016)
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:		(14,824)
Change in net assets of governmental activities - statement of activities		$ (1,252,964)

The accompanying notes are an integral part of this statement.

DEHESA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 4,744
Total Assets	4,744
LIABILITIES:	
Due to Student Groups	$ 4,744
Total Liabilities	4,744
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.

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, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

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 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. There have bee no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 83.

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.

There have been no adjustments to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 88.

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. Fair Value Measurement

The District's investments at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	$ 14,944,814	$ -	$ 14,944,814	$ -
Total investments by fair value level	$ 14,944,814	$ -	$ 14,944,814	$ -

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.

D. 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 ($14,944,814 as of June 30, 2019). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $14,944,814. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks ($7,523 as of June 30, 2019) 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. The San Diego County Investment Pool is rated AAAf/S1 by Standard & Poors. At year end the District was not exposed to credit risk.

At June 30, 2019, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 14,944,814

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. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public 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, 2019, the District's bank balances and investments, (including revolving cash) were not exposed to custodial credit risk.

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. As of June 30, 2019 the San Diego County treasurer did not hold any investments in debt securities and as such the District was not exposed to interest rate risk.

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.

5. 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 in conformity with GASB Statement No. 77 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.

E. Accounts Receivable

Accounts receivable at June 30, 2019 consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal Government:			
Federal programs	$ 274,381	$ -	$ 274,381
State Government:			
Lottery	6,731	-	6,731
Other state programs	172,154	-	172,154
Local Sources:			
Interest	37,937	2,071	40,008
Other local sources	473,904	-	473,904
Totals	$ 965,107	$ 2,071	$ 967,178

F. 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	7,318,069	-	-	7,318,069
Improvements	304,956	191,926	-	496,882
Equipment	907,851	11,249	-	919,100
Total capital assets being depreciated	8,530,876	203,175	-	8,734,051
Less accumulated depreciation for:				
Buildings	(1,982,306)	(194,717)	-	(2,177,023)
Improvements	(35,839)	(20,258)	-	(56,097)
Equipment	(752,228)	(48,753)	-	(800,981)
Total accumulated depreciation	(2,770,373)	(263,728)	-	(3,034,101)
Total capital assets being depreciated, net	5,760,503	(60,553)	-	5,699,950
Governmental activities capital assets, net	$ 5,763,503	$ (60,553)	$ -	$ 5,702,950

Depreciation was charged to functions as follows:

Instruction	$ 208,492
Instruction-Related Services	6,328
Pupil Services	34,475
General Administration	2,957
Plant Services	11,476
	$ 263,728

G. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June, 30 2019 consisted of the following:

Due To Fund	Due From Fund		Amount	Purpose
Child Development Fund	General Fund	$	17,071	Expense reimbursements
Cafeteria Fund	General Fund		21,530	Expense reimbursements
General Fund	General Fund		732,000	Expense reimbursements
General Fund	Child Developmei		11,289	Expense reimbursements
General Fund	General Fund		346,718	Expense reimbursements
General Fund	Cafeteria Fund		9,641	Expense reimbursements
	Total	$	1,138,249	

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

2. Transfers To and From Other Funds

Transfers From	Transfers To		Amount	Reason
General Fund	General Fund	$	366,000	Transfer of funds
General Fund	Child Development Fund		39,825	Cash contribution
General Fund	Cafeteria Fund		27,810	Cash contribution
Building Fund	General Fund		206	Reimburse expenditures
	Total	$	433,841	

H. 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.

I. Accounts Payable

Accounts payable at June 30, 2019 consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Vendor payables	$ 91,028	$ 4,855	$ 95,883
LCFF state aid	3,887,492	-	3,887,492
Charter school payables	7,902,148	-	7,902,148
Payroll and benefits	245	-	245
Other	-	2,649	2,649
Totals	$ 11,880,913	$ 7,504	$ 11,888,417

J. Deferred Outflows of Resources

A summary of the deferred outflows of resources as of June 30, 2019 is as follows:

Description	Amortization Term	Balance July 1, 2018	Additions	Current Year Amortization	Balance June 30, 2019
Pension related	Varies	$ 773,269	$ 348,677	$ 372,791	$ 749,155
OPEB related	Varies	16,148	-	3,687	12,461
Total Deferred Outflows of Resources		$ 789,417	$ 348,677	$ 376,478	$ 761,616

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related
2020	$ 453,779	$ 9,929
2021	155,452	422
2022	123,447	422
2023	16,477	422
2024	-	422
2025	-	422
2026	-	422
Total	$ 749,155	$ 12,461

K. Deferred Inflows of Resources

A summary of the deferred inflows of resources as of June 30, 2019 is as follows:

Description	Amortization Term	Balance July 1, 2018	Additions	Current Year Amortization	Balance June 30, 2019
Pension related	Varies	$ 559,911	$ 226,890	$ 237,272	$ 549,529
OPEB related	Varies	771	-	110	661
Total Deferred Inflows of Resources		$ 560,682	$ 226,890	$ 237,382	$ 550,190

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related
2020	$ 199,139	$ 110
2021	164,724	110
2022	140,291	110
2023	45,375	110
2024	-	110
2025	-	111
Total	$ 549,529	$ 661

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	$ 4,586,069	$ -	$ 24,263	$ 4,561,806	$ 24,263
Accreted interest	111,559	30,222	737	141,044	12,436
Bond premium	315,454	-	12,436	303,018	13,522
Total GO bonds	5,013,082	30,222	37,436	5,005,868	50,221
Net pension liability	2,299,612	-	50,635	2,248,977	-
Compensated absences *	34,979	14,824	-	49,803	49,803
Total OPEB liability	132,950	5,437	-	138,387	-
Total governmental activities	$ 7,480,623	$ 50,483	$ 88,071	$ 7,443,035	$ 100,024

* 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, 2019 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	$ -	$ 15,000	$ 2,404,852
Accreted interest	48,789	11,475	-	60,264
Bond premium	180,306	-	7,212	173,094
Total 2010-A Bonds	2,648,947	11,475	22,212	2,638,210
2012 Election Series A				
Principal balance	2,166,217	-	9,263	2,156,954
Accreted interest	62,770	18,747	737	80,780
Bond premium	135,148	-	5,224	129,924
Total 2012-A Bonds	2,364,135	18,747	15,224	2,367,658
Total GO Bonds	$ 5,013,082	$ 30,222	$ 37,436	$ 5,005,868

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

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
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	64,595	5,405	190,063	260,063
2025-2029	437,793	87,207	921,919	1,446,919
2030-2034	542,879	343,343	854,125	1,740,347
2035-2039	1,014,151	324,777	745,425	2,084,353
2040-2044	2,090,000	-	372,646	2,462,646
2045-2049	260,000	-	5,958	265,958
Totals	$ 4,561,805	$ 773,345	$ 3,862,388	$ 9,197,538

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, 2019 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, 2019 amounted to $49,803. 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 $2,299,612 and decreased by $50,635 during the year ended June 30, 2019. The ending net pension liability at June 30, 2019 was $2,248,977. See Note O for additional information regarding the net pension liability.

7. Total OPEB Liability

The District's beginning total OPEB liability was $132,950 and increased during the year ended June 30, 2019 by $5,437. The ending total OPEB liability at June 30, 2019 was $138,387. See Note P for additional information regarding the net OPEB liability.

M. Unearned Revenue

Unearned revenue at June 30, 2019 consisted of:

	General Fund
Federal Government:	
Title I	5,312
Total	5,312

N. 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, 2019 was not available at the time this report was issued. The information can be obtained by contacting the JPAs directly.

O. 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 Paid

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, 2019 are summarized as follows:

	CalSTRS	
	Before	On or After
Hire Date	Jan. 1, 2013	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	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2019)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2019)	16.280%	16.280%
Required State Contribution Rates (at June 30, 2019)	6.945%	6.945%

*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	
	Before	On or After
Hire Date	Jan. 1, 2013	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%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2019)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2019)	18.062%	18.062%

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2019 (measurement date June 30), 2018, Section 22950 of the California Education code requires members to contribute monthly to the system 10.205% (if hired prior to January 1, 2013) or 10.25% (if hired on or after 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 16.28% of creditable compensation for the fiscal year ended June 30, 2019 Rates are defined in Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending June 30, 2022 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 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 the employees. For the fiscal year ended June 30, 2019 (measurement date June 30, 2018) the employee contribution rate was 7.00% and employer contribution rate was 18.062% of covered payroll.

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 fiscal year ended June 30, 2019 (measurement date June 30, 2018) the State contributed 14.772% of salaries creditable to CalSTRS. The contributions made by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional $2.2 Billion to CalSTRS on behalf of the Districts during the 2018-19 fiscal year in order to reduce contribution rates for Districts in 2019-20 and 2020-21. The contribution resulting from SB 90 made up 42% of the total contributions made by the State on behalf of the District. Consistent with the requirements of GASB 85, the District has recorded these contributions as revenue and expense in the fund financial statements (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). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year.

Contributions made by the State on behalf of the District and the State's pension expense associated with District employees for the the past three fiscal years are as follows:

	CalSTRS		
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2017	7.470%	$ 59,561	$ 119,225
2018	8.292%	62,054	28,540
2019	14.772%	68,274	(22,582)

	CalPERS		
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	5.564%	$ 32,725	$ -

d. Contributions Recognized

For the fiscal year ended June 30, 2019 (measurement period June 30, 2018), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 160,041	$ 106,236	$ 266,277
Contributions - State On Behalf Payments	68,274	32,725	100,999
Total Contributions	$ 228,315	$ 138,961	$ 367,276

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 107,984	$ 74,091	$ 182,075
Contributions - State On Behalf Payments	68,274	32,725	100,999
Total Contributions	$ 176,258	$ 106,816	$ 283,074

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 1,294,970
CalPERS	954,007
Total Net Pension Liability	$ 2,248,977

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2018 and June 30, 2019 were as follows:

	CalSTRS			
	District's Proportionate Share	State's Proportionate Share	Total For District Employees	CalPERS
Proportion June 30, 2018	0.0015%	0.0009%	0.0024%	0.0038%
Proportion June 30, 2019	0.0014%	0.0008%	0.0022%	0.0036%
Change in Proportion	-0.0001%	-0.0001%	-0.0002%	-0.0002%

a. Pension Expense

For the measurement period ended June 30, 2018 (fiscal year June 30, 2019), pension expense was recognized as follows:

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ (99,633)	$ 48,995	$ (50,638)
State On Behalf Pension Expense	(22,582)	-	(22,582)
Employer Contributions to Pension Expense	160,041	106,236	266,277
(Increase)/Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(50,736)	(30,257)	(80,993)
Difference Between Actual & Expected Experience	1,204	(37,392)	(36,188)
Change in Assumptions	60,284	22,369	82,653
Change in Proportionate Shares	-	6,195	6,195
Net Difference Between Projected & Actual Earnings	129	52,318	52,447
Increase/(Decrease) in Deferred Inflows of Resources			
Difference Between Actual & Expected Experience	865	-	865
Change in Assumptions	-	(9,359)	(9,359)
Change in Proportionate Shares	(13,477)	33,235	19,758
Net Difference Between Projected & Actual Earnings	11,008	(32,654)	(21,646)
Total Pension Expense	$ 47,103	$ 159,686	$ 206,789

b. Deferred Outflows and Inflows of Resources

At June 30, 2019, 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	$ 160,041	$ 106,236	$ 266,277
Differences between actual and expected experience	3,610	79,655	83,265
Changes in assumptions	180,851	118,635	299,486
Change in employer's proportionate share	-	18,583	18,583
Net difference between projected and actual earnings	160	81,384	81,544
Total Deferred Outflows of Resources	$ 344,662	$ 404,493	$ 749,155

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	$ (1,174)	$ -	$ (1,174)
Changes in assumptions	-	(9,358)	(9,358)
Change in employer's proportionate share	(267,802)	(54,240)	(322,042)
Net difference between projected and actual earnings	(143,000)	(73,955)	(216,955)
Total Deferred Inflows of Resouces	$ (411,976)	$ (137,553)	$ (549,529)

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2020. 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:

Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2020	$ 221,656	$ 232,123	$ (149,392)	$ (49,747)	$ 254,640
2021	61,519	93,933	(125,662)	(39,062)	(9,272)
2022	61,487	61,960	(107,347)	(32,944)	(16,844)
2023	-	16,477	(29,575)	(15,800)	(28,898)
Total	$ 344,662	$ 404,493	$ (411,976)	$ (137,553)	$ 199,626

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2019 were based on actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2018	June 30, 2018
Valuation Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.5%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.

(2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

(3) Wage growth is a component of inflation for CalPERS assumptions.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.65% for CalPERS**.** The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) 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 the CalPERS and CalSTRS respective 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 valuations 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 actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM and expects to complete the process by November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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 reflect 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 Asset Allocation	Long Term Expected Real Rate of 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%
Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

*20 year average

CalPERS

Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

* In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

** An expected inflation of 2.00% used for this period

*** An expected inflation of 2.92% used for this period

e. Sensitivity 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	$ 1,896,979	$ 1,388,989
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 1,294,970	$ 954,007
1% Increase	8.10%	8.15%
Net Pension Liability	$ 795,846	$ 593,128

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, 2018 (Previously Reported)	$ 7,275,567	$ 5,053,266	$ 2,222,301	$ 827,698	$ 1,394,603
Changes for the year:					
CalSTRS Auditor Adjustment	-	(11,295)	11,295	4,123	7,172
Change in Prop share	(557,097)	(386,933)	(170,164)	(78,608)	(91,556)
Service Cost	158,481	-	158,481	57,850	100,631
Interest	476,996	-	476,996	174,118	302,878
Differences between expected and actual experience	(2,086)	-	(2,086)	(761)	(1,325)
Contributions:					
Employer	-	107,991	(107,991)	(39,420)	(68,571)
Employee	-	77,582	(77,582)	(28,320)	(49,262)
State On Behalf Payments	-	620,568	(620,568)	(22,653)	(597,915)
Net Investment Income	-	414,366	(414,366)	(151,256)	(263,110)
Other Income	-	2,333	(2,333)	(852)	(1,481)
Benefit Payments, including refunds of employee contributions	(322,569)	(322,569)	-	-	-
Administrative expenses	-	(4,795)	4,795	1,750	3,045
Borrowing Costs	-	(2,091)	-	763	(763)
Other Expenses	-	(37)	37	14	23
Net Changes	(246,275)	(63,390)	(182,885)	(83,252)	(99,633)
Balance at June 30, 2019	$ 7,029,292	$ 4,989,876	$ 2,039,416	$ 744,446	$ 1,294,970

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2018 (Previously Reported)	$ 3,217,461	$ 2,312,449	$ 905,012
Changes for the year:			
Change in Proportionate Share	(180,775)	(129,927)	(50,848)
Service Cost	77,739	-	77,739
Interest	220,609	-	220,609
Differences between expected and actual experience	66,297	-	66,297
Change in Assumptions	16,103	-	16,103
Contributions:			
Employer	-	74,094	(74,094)
Employee	-	34,098	(34,098)
Net Investment Income	-	182,301	(182,301)
Plan to Plan Resource Movement	-	-	-
Benefit Payments, including refunds of employee contributions	(145,021)	(145,021)	-
Administrative expenses	-	(3,308)	3,308
Other expenses	-	(6,282)	6,282
Net Changes	54,952	5,955	48,997
Balance at June 30, 2019	$ 3,272,413	$ 2,318,404	$ 954,009

P. 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

The District provides retiree health benefits (including prescription drug) to eligible retirees and their dependents. Elgibility for retiree health coverage requires retirement under PERS or STRS on or after age 60 with at least 15 consecutive years of benefit eligible District service. District-paid retiree hjealth benefits end at Medicare eligibility or the retiree's attainment of age 65, whichever occurs first.

Employees Covered by Benefit Terms

At June 30, 2019, 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 $138,387 was measured as of June 30, 2019, 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	3.15% per annum
Healthcare Cost Trend Rates	6.00% 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, 2018	$ 132,948
Changes for the year:	
Service cost	10,048
Interest	4,781
Changes in assumptions or other inputs	3,377
Benefit payments	(12,767)
Net changes	5,439
Balance at June 30, 2018	$ 138,387

There were no changes in benefit terms for the fiscal year ended June 30, 2019.

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 (2.15%) or 1-percentage-point-higher (4.15%) than the current discount rate:

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB Liability	$ 148,712	$ 138,387	$ 129,048

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	$ 125,151	$ 138,387	$ 154,218

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

For the year ended June 30, 2019 the District recognized OPEB expense of $15,141. At June 30, 2018 the District reported deferred outflows and inflows of resources related to the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Changes of assumptions	$ 2,955	$ (661)
Contributions made subsequent to measurement date	9,506	-
Total	$ 12,461	$ (661)

Amortization of deferred inflows and deferred outflows of resources will be reflected in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2020	9,928	(110)	9,818
2021	422	(110)	312
2022	422	(110)	312
2023	422	(110)	312
2024	422	(110)	312
Thereafter	845	(111)	734
Total	12,461	(661)	11,800

Q. Fund Balance Classifications of the Governmental Funds

As of June 30, 2019 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	2,758	1,181	3,939
Other Restricted	10,158	-	10,158
Assigned Fund Balances			
Debt Service	-	138,667	138,667
Capital Projects	-	260,561	260,561
Post Employment Benefits	782,626	-	782,626
Other Assigned	-	132,746	132,746
Unassigned Fund Balances			
For Economic Uncertainty	2,680,830	-	2,680,830
Other Unassigned	11,515	-	11,515
Total Fund Balance	$ 3,490,594	$ 533,155	$ 4,023,749

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 view 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, 2020. Those newly implemented pronouncements are as follows:

GASB 84 - Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District expects adjustments to be made to the financial statements resulting from implementation of this GASB Statement but does not expect the adjustments to be material to the financial statements.

GASB 90 - Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or a permanent fund. Those governments and funds should be measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The District does not currently hold any equity interests in legally separate organizations and as such does not anticipate any adjustments to be made to the financial statements as a result of implementing this GASB Statement.

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, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 1,083,082	$ 1,018,218	$ 1,017,732	$ (486)
Education Protection Account Funds	168,818	208,992	208,574	(418)
Local Sources	131,242	167,851	167,851	-
Federal Revenue	164,443	359,368	377,363	17,995
Other State Revenue	105,188	116,602	160,572	43,970
Other Local Revenue	2,076,683	805,103	829,051	23,948
Total Revenues	3,729,456	2,676,134	2,761,143	85,009
Expenditures:				
Current:				
Certificated Salaries	975,022	1,054,005	1,068,874	(14,869)
Classified Salaries	454,181	543,783	546,868	(3,085)
Employee Benefits	626,246	654,149	689,866	(35,717)
Books And Supplies	275,422	295,934	229,083	66,851
Services And Other Operating Expenditures	1,065,593	1,597,185	1,197,031	400,154
Capital Outlay	272,887	203,569	195,565	8,004
Total Expenditures	3,669,351	4,348,625	3,927,287	421,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,105	(1,672,491)	(1,166,144)	506,347
Other Financing Sources (Uses):				
Transfers In	742,436	366,010	366,206	196
Transfers Out	(635,274)	(58,334)	(67,635)	(9,301)
Total Other Financing Sources (Uses)	107,162	307,676	298,571	(9,105)
Net Change in Fund Balance	167,267	(1,364,815)	(867,573)	497,242
Fund Balance, July 1	2,295,297	2,295,297	2,295,297	-
Fund Balance, June 30	$ 2,462,564	$ 930,482	$ 1,427,724	$ 497,242

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net" pension liability (asset)	0.0014%	0.0015%	0.0018%	0.0019%	0.0021%	N/A	N/A	N/A	N/A	N/A
Districts's proportionate share of" the net pension liability (asset)	$ 1,294,970	$ 1,394,600	$ 1,443,542	$ 1,290,433	1,238,358	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	744,447	828,127	1,051,456	807,887	818,116	N/A	N/A	N/A	N/A	N/A
Total	$ 2,039,417	$ 2,222,727	$ 2,494,998	$ 2,098,320	2,056,474	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll"	$ 748,330	$ 797,289	$ 766,407	$ 886,738	885,767	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	173.05%	174.92%	188.35%	145.53%	139.81%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.46%	70.04%	74.02%	76.52%	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-3

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 160,041	$ 109,305	$ 100,299	$ 95,147	78,656	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(160,041)	(109,305)	(100,299)	(95,147)	(78,656)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	-	-	-	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 983,053	$ 757,482	797,289	886,738	885,767	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	16.280%	14.430%	12.580%	10.730%	8.880%	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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.0036%	0.0038%	0.0036%	0.0038%	0.0039%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 954,007	$ 905,012	$ 717,752	$ 566,268	442,757	N/A	N/A	N/A	N/A	$ N/A
District's covered-employee payroll	$ 477,052	$ 486,910	$ 440,087	$ 427,220	410,077	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	199.98%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.87%	73.90%	79.43%	83.38%	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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 106,236	$ 75,979	$ 67,622	$ 52,137	50,288	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(106,236)	(75,979)	(67,622)	(52,137)	(50,288)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	-	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 588,174	$ 489,210	$ 486,910	440,086	427,220	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	18.062%	15.531%	13.888%	11.847%	11.771%	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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB liability:										
Service cost	$ 10,048	$ 9,883	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Interest	4,781	4,598	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
Differences between expected and actual experience	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	3,377	(881)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(12,767)	(11,988)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	5,439	1,612	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	132,948	131,336	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 138,387	$ 132,948	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Covered-employee payroll	$ 1,060,000	$ 1,060,000	$ 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	13.06%	12.54%	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	$	3,490,594
Less Fund 20 Fund Balance		(782,626)
Less Fund 17 Fund Balance		(1,280,244)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$	1,427,724
General Fund - Fund Financial Statements Net Change in Fund Balance	$	(1,194,639)
Change in Fund Balance attributed to Fund 20		(12,542)
Change in Fund Balance attributed to Fund 17		339,608
General Fund - Budgetary Comparison Schedule Change in Fund Balance	$	(867,573)

Excess of Expenditures Over Appropriations

As of June 30, 2019, expenditures exceeded appropriations in individual budgeted funds as follows:

Appropriations Category		Excess Expenditures	Reason for Excess Expenditures
General Fund:			
Certificated Salaries	$	14,869	The District underestimated salaries.
Classified Salaries		3,085	The District underestimated salaries.
Employee Benefits		35,717	The underestimation resulted from the additional on behalf payment contributions made by the state as a result of SB90 passed on 6/28/19.

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 & 2019 there were no changes to benefits

2) Changes in Assumptions: In 2015, 2016, 2017& 2019 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	June 30, 2019
Measurement Date	06/30/17	06/30/18
Valuation Date	06/30/16	06/30/17
Experience Study	07/01/10 - 06/30/15	07/01/10 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	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 & 2019 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%. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience study and review of Actuarial Assumptions December 2017, there were no changes to the discount rate in this period

|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, & 2017 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016, 2017 & 2018 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 (measurement dates) 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	June 30, 2019
Measurement Date	06/30/17	06/30/18
Valuation Date	06/30/16	06/30/17
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.50%
Consumer Price Inflation	2.75%	2.50%
Wage Growth (Average)	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	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 & 2019 there were no changes to benefits.

2) Changes in Assumptions: In 2018 there were no changes in assumptions. Changes in assumptions for the fiscal year ended June 30, 2019 included an decrease in the discount rate from 3.50% to 3.15% based on a change in the bond buyer 20 bond index rate.

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%
2019	3.15%

Combining Statements and Budget Comparisons 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, 2019

	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	$ 150,727	$ 138,667	$ 264,086	$ 553,480
Cash on Hand and in Banks	2,779	-	-	2,779
Accounts Receivable	742	-	1,329	2,071
Due from Other Funds	20,930	-	-	20,930
Total Assets	175,178	138,667	265,415	579,260
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 2,649	$ -	$ 4,855	$ 7,504
Due to Other Funds	38,601	-	-	38,601
Total Liabilities	41,250	-	4,855	46,105
Fund Balance:				
Restricted Fund Balances	1,181	-	-	1,181
Assigned Fund Balances	132,747	138,667	260,560	531,974
Total Fund Balance	133,928	138,667	260,560	533,155
Total Liabilities and Fund Balances	$ 175,178	$ 138,667	$ 265,415	$ 579,260

DEHESA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	$ 31,603	$ -	$ -	$ 31,603
Other State Revenue	6,971	2,053	-	9,024
Other Local Revenue	32,652	217,276	15,359	265,287
Total Revenues	71,226	219,329	15,359	305,914
Expenditures:				
Current:				
Pupil Services	136,715	-	-	136,715
Plant Services	-	-	24,254	24,254
Capital Outlay	-	-	7,610	7,610
Debt Service:				
Principal	-	24,263	-	24,263
Interest	-	198,800	-	198,800
Total Expenditures	136,715	223,063	31,864	391,642
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,489)	(3,734)	(16,505)	(85,728)
Other Financing Sources (Uses):				
Transfers In	67,635	-	-	67,635
Transfers Out	-	-	(206)	(206)
Total Other Financing Sources (Uses)	67,635	-	(206)	67,429
Net Change in Fund Balance	2,146	(3,734)	(16,711)	(18,299)
Fund Balance, July 1	131,782	142,401	277,271	551,454
Fund Balance, June 30	$ 133,928	$ 138,667	$ 260,560	$ 533,155

DEHESA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Charter School Fund	Child Development Fund
ASSETS:		
Cash in County Treasury	$ 133,281	$ 6,114
Cash on Hand and in Banks	-	1,928
Accounts Receivable	647	33
Due from Other Funds	-	11,289
Total Assets	133,928	19,364
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ -	$ 2,293
Due to Other Funds	-	17,071
Total Liabilities	-	19,364
Fund Balance:		
Restricted Fund Balances	1,181	-
Assigned Fund Balances	132,747	-
Total Fund Balance	133,928	-
Total Liabilities and Fund Balances	$ 133,928	$ 19,364

Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
$ 11,332	$ -	$ 150,727
851	-	2,779
62	-	742
9,641	-	20,930
21,886	-	175,178
$ 356	$ -	$ 2,649
21,530	-	38,601
21,886	-	41,250
-	-	1,181
-	-	132,747
-	-	133,928
$ 21,886	$ -	$ 175,178

DEHESA SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Charter School Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Federal Revenue	$ -	$ -	$ 31,603	$ 31,603
Other State Revenue	-	2,723	4,248	6,971
Other Local Revenue	2,146	16,928	13,578	32,652
Total Revenues	2,146	19,651	49,429	71,226
Expenditures:				
Current:				
Pupil Services	-	59,476	77,239	136,715
Total Expenditures	-	59,476	77,239	136,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,146	(39,825)	(27,810)	(65,489)
Other Financing Sources (Uses):				
Transfers In	-	39,825	27,810	67,635
Total Other Financing Sources (Uses)	-	39,825	27,810	67,635
Net Change in Fund Balance	2,146	-	-	2,146
Fund Balance, July 1	131,782	-	-	131,782
Fund Balance, June 30	$ 133,928	$ -	$ -	$ 133,928

DEHESA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Building Fund	Capital Facilities Fund	Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	$ -	$ 11,120	$ 252,966	$ 264,086
Accounts Receivable	-	101	1,228	1,329
Total Assets	-	11,221	254,194	265,415
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ -	$ 4,855	$ -	$ 4,855
Total Liabilities	-	4,855	-	4,855
Fund Balance:				
Assigned Fund Balances	-	6,367	254,193	260,560
Total Fund Balance	-	6,366	254,194	260,560
Total Liabilities and Fund Balances	$ -	$ 11,221	$ 254,194	$ 265,415

DEHESA SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Building Fund	Capital Facilities Fund	Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:				
Other Local Revenue	$ -	$ 11,257	$ 4,102	$ 15,359
Total Revenues	-	11,257	4,102	15,359
Expenditures:				
Current:				
Plant Services	-	24,254	-	24,254
Capital Outlay	-	-	7,610	7,610
Total Expenditures	-	24,254	7,610	31,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(12,997)	(3,508)	(16,505)
Other Financing Sources (Uses):				
Transfers Out	(206)	-	-	(206)
Total Other Financing Sources (Uses)	(206)	-	-	(206)
Net Change in Fund Balance	(206)	(12,997)	(3,508)	(16,711)
Fund Balance, July 1	206	19,363	257,702	277,271
Fund Balance, June 30	$ -	$ 6,366	$ 254,194	$ 260,560

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

DEHESA SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2019

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 ten charter schools.

Governing Board

Name	Office	Term and Term Expiration
Cynthia White	President	Four Year Term Expires November 2022
Mark Zacovic	Vice President	Four Year Term Expires November 2020
Karen Kirkpatrick	Clerk	Four Year Term Expires November 2020
Karl Becker	Member	Four Year Term Expires November 2022
Christina Becker	Member	One Year Term Expires November 2022

Administration

Nancy Hauer
Superintendent

Jholei Evans
Principal

Anna Buxbaum
Business Manager

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	59.28	N/A	60.38	N/A
TK/K-3 Totals	59.28	N/A	60.38	N/A
Grades 4-6:				
Regular ADA	45.77	N/A	46.23	N/A
Grades 4-6 Totals	45.77	N/A	46.23	N/A
Grades 7 and 8:				
Regular ADA	24.33	N/A	24.16	N/A
Grades 7 and 8 Totals	24.33	N/A	24.16	N/A
ADA Totals	129.38	N/A	130.77	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
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019

Grade Level	Ed. Code 46207 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	57,405	180	-	Complied
Kindergarten	36,000	57,405	180	-	Complied
Grade 1	50,400	53,785	180	-	Complied
Grade 2	50,400	53,785	180	-	Complied
Grade 3	50,400	54,690	180	-	Complied
Grade 4	54,000	54,690	180	-	Complied
Grade 5	54,000	54,690	180	-	Complied
Grade 6	54,000	57,405	180	-	Complied
Grade 7	54,000	57,405	180	-	Complied
Grade 8	54,000	57,405	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 met or exceeded its target funding.

DEHESA SCHOOL DISTRICT

TABLE D-3

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2019

General Fund	Budget 2020 (See Note 1)	2019	2018	2017
Revenues and other financial sources	$ 4,882,731	$ 3,127,349	$ 6,854,104	$ 5,152,311
Expenditures, other uses and transfers out	5,973,916	3,994,922	5,028,937	5,091,157
Change in fund balance (deficit)	(1,091,185)	(867,573)	1,825,167	61,154
Ending fund balance	$ 336,539	$ 1,427,724	$ 2,295,297	$ 470,128
Available reserves (See Note 2)	$ 323,624	$ 1,412,102	$ 2,265,304	$ 436,205
Available reserves as a percentage of total outgo (see Note 3)	5.4%	35.3%	45.0%	8.6%
Total long-term debt	$ 4,955,647	$ 5,055,671	$ 5,013,082	$ 5,001,627
Average daily attendance at P-2	135	129	132	144

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 $1,018,748 over the past three years. The fiscal year 2019-20 budget projects a decrease of $1,091,185. 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 $54,044 over the past two years.

Average daily attendance (ADA) has decreased by 15 over the past two years.

Notes:
1. Budget 2020 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 $100,999, $59,561, and $54,165, 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, 2019

	General Fund	Special Reserve Fund (17)	Special Reserve Fund (20)
June 30, 2019 annual financial and budget report fund balances	$ 1,427,724	$ 1,280,244	$ 782,626
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
GASB 54 required inclusion with general fund	2,062,870	(1,280,244)	(782,626)
Net adjustments and reclassifications	2,062,870	(1,280,244)	(782,626)
June 30, 2019, audited financial statement fund balances	$ 3,490,594	$ -	$ -

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.

The following charter schools are chartered by Dehesa School District.

Charter Schools	Charter Number	Included In Audit?
Dehesa Charter School	0419	No
The Heights Charter School	1488	No
Valiant Academy	1693	No
Methods Charter School	1617	No
Diego Hills Central Public Charter	1909	No
Pacific Coast Academy	1892	No
CA Academy of Sports Science	1914	No
Cabrillo Point Academy	1748	No
University Prep	2007	No

Other Independent Auditor's Reports

P. Robert Wilkinson, CPA
Brian K. Hadley, 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, 2019, 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 April 14, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2019-001, that we consider to be significant deficiencies.

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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*.

Dehesa School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
April 14, 2020

P. Robert Wilkinson, CPA
Brian K. Hadley, 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 *2018-19 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, 2019.

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, *2018-19 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, *2018-19 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	No
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
Comprehensive School Safety Plan	Yes
District of Choice	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
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.

We did not perform testing for Ratio of Administrative Employees to Teachers. The procedure was not required to be performed since there is only one administrator employed by the District.

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, 2019.

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 *2018-19 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, California
April 14, 2020

Findings and Recommendations Section

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?	X	Yes		No
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

Version of compliance supplement used in audit: 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	

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			

B. Financial Statement Findings

Finding Number:	2019-001
Repeat Finding:	No
Program Name:	Local Revenue
Questioned Costs:	None
Type of Finding:	Internal Control (30000)

Criteria or Specific Requirement
Good internal control processes require the District have copies of all memorandum of understanding (MOU) from all the charter schools authorized by the District. The MOU's list what the oversight duties of the District are, and the amount of oversight fees that the District is allowed to charge.

Condition
The District was only able to provide copies of the MOU's from five out of the nine charter schools the District has authorized.

Cause
Without a current MOU from each of the charter schools the District has authorized, the District cannot ensure that it is meeting the oversight requirements that are listed in the MOU. The District also may not be charging the charter school the correct amount of oversight fees.

Effect
All of the required oversight may not be provided to the charter schools and an incorrect amount of oversight fees may be recorded as local revenue on the District's accounting records.

Context
The District did have a calculation of oversight fees by charter and it appears the District calculations are correct. The District limited the amount of oversight fees charged to each charter to one percent of the District's actual oversight costs. However, not having the signed MOU available at the District is not correct internal control and does not provided documentation that all of the oversight requirements are being completed by the District.

Recommendation
The District should develop an internal control policy that requires that a current copy of the signed MOU for each of the charter schools that the District has authorized is maintained at the District office. A tracking procedure should be developed to ensure that if there are any changes at a charter school (name, address, change of responsible person, change in oversight requirements, etc.) that a new updated and signed MOU is obtained. The charter school MOU's should be reviewed during the year to ensure that all the required oversight is completed and that the correct amount of oversight fees are recorded as revenue on the District accounting records.

Views of Responsible Officials
See Corrective Action Plan

C. Federal Award Findings and Questioned Costs

NOT APPLICABLE

D. State Award Findings and Questioned Costs

NONE

DEHESA SCHOOL

COMPUTER SCIENCE IMMERSION ACADEMY

"Excellence in Education Since 1876"

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Superintendent/CBO
Bradley Johnson

Principal
Jholei Evans

April 4, 2020

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,

Bradley Johnson
Superintendent/CBO

DEHESA SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

Internal Control Finding

Finding Number: 2019-001
Program Name: Local Revenue
Contact Person: Bradley Johnson
Anticipated Completion Date: Ongoing

Planned Corrective Action: The district hired new legal counsel (Fagen, Friedman & Fulfrost) for charter oversight and general counsel legal representation in Summer 2019. Since this time, the district has experienced turnover with their Superintendent, Chief Business Officer and Principal and included two interim Superintendents between July 2019 and January 2020. The district has hired a Superintendent/CBO and one Principal as the new model for District administration.

In efforts to establish consistent charter oversight practices for Dehesa's authorized charters, the following actions have and/or will be taken through September 2020:

Effective in 2019•-2020, the District worked with new legal counsel to review all authorized charters, including memorandum of understandings (MOUs) between Dehesa School District and each charter.

During the 2019-20 school year, the District's legal counsel created an in-depth charter oversight process and was implemented during the school year.

In December 2019, the District contracted with Small School District's Association to provide charter oversight service, and includes hiring experts within each area of charter oversight: Governance, Operations, Finance, Instruction, Personnel, and Special Education.

The District has identified MOU deficiencies and areas of improvement for future MOU documentation, including recommendations outlined by Wilkinson Hadley King & Co. LLP.

The District, in conjunction with legal counsel and each authorized charter school, will update all MOUs to reflect clear oversight guidelines and responsibilites between each entity. These MOUs will take into consideration all applicable laws, best practices and updated oversight guidelines implemented in 2019-2020.

An internal control policy will be implemented to ensure consistency and tracking of each MOU, including any changes made and/or requested by each party.

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, 2018 audit report.