LAKESIDE UNION SCHOOL DISTRICT

PROPOSITION V AND MEASURE L
BUILDING FUND (21-39)

GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2019

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L
BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
Financial Statements and Supplemental Information
Year Ended June 30, 2019

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INTRODUCTION

LAKESIDE UNION SCHOOL DISTRICT
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Introduction and Citizens' Oversight Committee Member Listing

On November 4, 2008 the Lakeside Union School District was successful under Proposition V in obtaining authorization from the District voters to issue up to $79,550,000 in General Obligation Bonds pursuant to a 55% vote in a bond election.

The Board of Trustees of the District found and determined that, due to State law limitations imposed on the issuance of bonds under Proposition V, the balance of funds pending issuance would not be able to be acquired; therefore, on November 4, 2014, Lakeside Union School District was successful under Measure L in obtaining re-authorization from the District voters to issue up to $31,000,000 in General Obligation Bonds pursuant to a 55% vote in a bond election.

The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November, 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Independent Citizens' Oversight Committee, and authorization for injunctive relief against improper expenditure of bond revenues.

The Lakeside Union School District Proposition V and Measure L Independent Citizens' Oversight Committee as of June 30, 2019 was comprised of the following members:

Name	Position	Term Expiration
Michael McGrath	Chair-Business Owner/Parent/PTA Member	February 2020
Joe Gonzalez	Vice Chair-Member-At-Large	February 2020
Kathy Kasser	Member-Business Owner	March 2021
Vacant*	Member-AARP	Not Applicable
John Heredia	Member-San Diego Tax Payer's Assocation	February 2021
David Suter	Member-At-Large, Parent	February 2020
Frank Hilliker	Member-At-Large	March 2021

*The District filled this position subsequent to June 30, 2019.

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

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

Governing Board Members and
Citizens' Oversight Committee
Lakeside Union School District
Lakeside, California

Report on the Financial Statements

We have audited the accompanying financial statements of Proposition V and Measure L Building Fund (21-39) of Lakeside Union School District, which comprise the balance sheet as of June 30, 2019, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

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 an opinion 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Proposition V and Measure L Building Fund (21-39) of Lakeside Union School District as of June 30, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B, the financial statements present only the Building Fund (21-39) which is specific to Proposition V and Measure L and is not intended to present fairly the financial position and results of operations of Lakeside Union School District in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of the changes to the District's total OPEB liability and related ratios, schedule of the District's OPEB contributions, schedule of OPEB investment returns, schedule of the District's proportionate share of the net pension liability, and schedule of District pension 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 an opinion on the financial statements as a whole. The accompanying supplementary information, as required by 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 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 February 14, 2020 on our consideration of Lakeside Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lakeside Union School District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated February 14, 2020 on our consideration of the District's compliance with the requirements of Proposition 39 with regards to the Proposition V and Measure L Building Fund (21-39). That report is an integral part of our audit of the District's Proposition V and Measure L Building Fund (21-39) for the fiscal year ended June 30, 2019 and should be considered in assessing the results of our financial audit.

Wilkinson Hadley King & Co. LLP

El Cajon, California
February 14, 2020

This section of Lakeside Union School District's (District) Measure L Building Fund annual financial and performance audit report presents management's discussion and analysis of the Bond Program during the year ending June 30, 2019. Readers should also review the financial statements and notes to the basic financial statements included in the audit report to enhance their understanding of the Measure L Bond Program's financial and program performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's Measure L Building Fund basic financial statements. The Fund's financial statements comprise three components: 1) management's discussion and analysis; 2) the Building Fund's financial statements; and 3) the performance audit required by law.

The District accounts for Measure L activity in the District's Building Fund (Fund 21-39). The Building Fund is a governmental fund type accounted for on a modified accrual basis of accounting that does not include fixed assets or long-term liabilities.

On November 4, 2008, the voters of the Lakeside Union School District community voted to approve Proposition V to authorize the District to issue up to $79.5 million of general obligation bonds to finance certain specified capital projects and facilities. In 2009 and 2010, the District issued two series of these bonds, in the amount of 34.8 million to fund projects. All Proposition V funds were fully spent prior to the 2018-19 fiscal year.

In November 2014, the voters approved the reauthorization of $31 million of general obligation bonds with the passage of Measure L. $2.9 million of Measure L bonds were issued in 2015 (Series A) that provided for district technology purchases. In November 2018, the district issued $15 million of Measure L, Series B bonds to complete facility projects.

FINANCIAL HIGHLIGHTS

- The fund balance for Measure L Building Fund is $14,686,735 as of June 30, 2019
- The fund balance has increased by $14,106,319 since June 30, 2018, primarily due to the issuance of $15 million Measure L, Series B bonds in November 2018
- Revenues consisted of interest earnings only. Revenue totaled $230,560 as of June 30, 2019 as compared to $9,925 in June 2018
- Expenditures as of June 30, 2019 totaled $1,413,831 as compared to $110,013 in June 2018

Balance Sheet

The District's Proposition V and Measure L Building Fund balance as of June 30, 2019 was $14,686,735 (see Table below).

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L
GENERAL OBLIGATION BONDS
June 30, 2019

	Building Fund		Total % Change over 2017-18
	2017-18	**2018-19**	
Cash	$ 597,282	$ 14,539,895	2334.3%
Accounts Receivable	$ 2,812	$ 166,518	5821.7%
Total Assets	$ 600,094	$ 14,706,413	2350.7%
Accounts payable	$ 71	$ 19,568	27460.6%
Due to Other Funds	$ 1,092	$ 109	-90.0%
Total Liabilities	$ 1,163	$ 19,677	1591.9%
Fund Balance	$ 598,931	$ 14,686,736	2352.2%
Total Liabilities and Fund Balance	$ 600,094	$ 14,706,413	2350.7%

Fund Balance

The interest income reported represents funds earned on the cash held by the San Diego County Treasurer. The total expenditures of $1,413,831 are only for Proposition V and Measure L voter authorized expenses (see Table below).

Comparison - 2018/19 to 2017/18 Fiscal Year

	Building Fund		Total % Change over 2018-19
Revenues	**2017-18**	**2018-19**	
Interest	$ 9,925	$ 230,560	2223.0%
Total revenues	**$ 9,925**	**$ 230,560**	2223.0%
Expenditures			
Classified Salaries	$ 5,143	$ 5,487	6.7%
Taxes and employee benefits	$ 2,740	$ 2,999	9.5%
Material and supplies	$ 430	$ -	-100.0%
Services/other operating	$ 101,700	$ 318,572	213.2%
Capital outlay	$ -	$ 1,086,773	-
Total expenditures	**$ 110,013**	**$ 1,413,831**	1185.1%
Other Sources (Uses)			
Proceeds for sale of bonds	$ -	$ 15,000,000	-
Interest expense	$ -	$ -	-
Bond principal repayment	$ -	$ -	-
Other uses	$ -	$ 271,075	-
Total Other Sources	$ -	$ 15,271,075	-
Net Change in Fund Balance	**$ (100,088)**	**$14,087,804**	-14175.4%
Fund Balance as of June 30	**$ 598,931**	**$14,686,736**	**2352.2%**

PROPOSITION V AND MEASURE L BUILDING FUND PROJECT- YEAR IN REVIEW

The District completed a Long Range Master Facility Plan in 2018 and prioritized multiple projects to be completed with the Measure L, Series B bond funds. Planning activities and quick-start construction projects began in 2018/19 fiscal year, and include the following:

Project Description	School Site	Expense Amount
Replacement of SmartBoards with flat-panel monitors and AppleTV in classrooms	All	$965,000
Shade Structures	Eucalyptus Hills and Winter Gardens	$39,427
Flooring replacement	Lakeside Farms and Lakeside Middle School	$7,250
Roofing replacement of Old Hall	Lakeside Middle School	$7,031
Fire alarm upgrades	Eucalyptus Hills and Winter Gardens	$24,132
HVAC upgrades	Lindo Park	$7,940
Vacant lot clean-up	Lakeside Farms	$1,125
Video surveillance system upgrade	Districtwide	$34,868
General administrative expenses for all projects	Districtwide	$66,987
Total Construction-Related Expenditures		**$1,153,759**

In addition to the construction-related expenditures above, costs of $260,072 related to the sale of Measure L, Series B bonds were also expensed in the bond fund during the 2018-19 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's Measure L Building Fund finances to demonstrate the District's accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Services Department at Lakeside Union School District, 12335 Woodside Avenue, Lakeside, CA 92040, or call 619-390-2640.

FINANCIAL STATEMENTS

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

Balance Sheet
June 30, 2019

ASSETS		
Current Assets		
Cash in county treasury	$	14,539,895
Accounts receivable		166,518
Total Current Assets		14,706,413
TOTAL ASSETS	$	14,706,413
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts payable	$	19,568
Due to other funds		109
Total Current Liabilities		19,677
Total Liabilities		19,677
Fund Balance		
Restricted for capital projects		14,686,736
Total Fund Balance		14,686,736
TOTAL LIABILITIES AND FUND BALANCE	$	14,706,413

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2019

REVENUES	
Interest income	$ 230,560
TOTAL REVENUES	230,560
EXPENDITURES	
Classified salaries	5,487
Taxes and employee benefits	2,999
Audit expense	4,000
Professional and consulting services	314,572
Building and improvements	121,773
Equipment	965,000
TOTAL EXPENDITURES	1,413,831
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,183,271)
OTHER FINANCING SOURCES	
Proceeds from sale of bonds	15,000,000
Other sources	271,075
TOTAL OTHER FINANCING SOURCES	15,271,075
NET CHANGE IN FUND BALANCE	14,087,804
FUND BALANCE, BEGINNING OF YEAR	598,932
FUND BALANCE, END OF YEAR	$ 14,686,736

A. Definition of the Fund

The Proposition V and Measure L Building Fund (21-39) was formed to account for renovation of schools for Lakeside Union School District (District), through expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2008.

B. Summary of Significant Policies

Basis of Presentation

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's School Accounting Manual. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

Fund Structure

The accompanying financial statements are used to account for the transactions of the Building Fund specific to Proposition V and Measure L Building Fund (21-39) as defined in Note A and are not intended to present fairly the financial position and results of operations of Lakeside Union School District in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The Building Funds are maintained on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

The Board of Trustees adopts an operating budget no later than July 1 in accordance with state law. This budget is revised by the Board of Trustees during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash in County Treasury

In accordance with Education Code §41001, the District maintains a substantial amount of 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 fair value, in accordance with the requirements of GASB Statement No. 31.

Interest earned is deposited quarterly into participating funds. 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 §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.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables. Accounts receivable are recorded net of estimated uncollectible amounts. There were no significant receivables that are scheduled for collection within one year of year end.

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.

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 inflow of resources are recorded in accordance with GASB Statement numbers 63 and 65. At June 30, 2019, the District's Proposition V and Measure L Building Fund did not have any deferred inflows or deferred outflows of resources.

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.

Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

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

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

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

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

GASB Statement No. 83 Certain Asset Retirement Obligations

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

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

GASB Statement No. 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. This Statement also 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 GASB Statement No. 84, Fiduciary Activities.

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and 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.

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 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

C. Cash and Investments

Cash in County Treasury

The District maintains significantly all of its cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2019, the portion of cash in the San Diego County Treasury attributed to Building Fund (21-39) was $14,539,895. The fair value of Building Fund (21-39)'s portion of this pool as of that date, as provided by the pool sponsor, was $14,539,895. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

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

Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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.

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 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 of 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 Funds	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Accounts Receivable

As of June 30, 2019 accounts receivable consisted of:

	Accounts Receivable
Interest receivable	$ 166,518
Total Accounts Receivable	$ 166,518

All receivables are expected to be collected within one year and as such no allowance for doubtful accounts has been established.

E. Accounts Payable

As of June 30, 2019 accounts payable consisted of:

	Account Payable
Vendor payables	$ 19,483
Payroll and tax benefits payable	$ 85
Total Accounts Payable	$ 19,568

F. Interfund Balances and Activities

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

	Amount	Purpose
Due to General Fund	$ 109	Sales tax reimburse/OPEB allocation

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

G. General Obligation Bonds

2008 General Obligation Bonds

In April 2009, the District issued $21,833,149 of 2008 Election, Series A, General Obligation Bonds. The Series A Bonds were authorized at an election of the registered voters of the District held on November 8, 2008 which authorized a total of $79,550,000 principal amount of general obligation bonds to finance new construction and additions to and modernization of the school facilities for the District.

The Series A bonds were the first issue pursuant to such authorization and consisted of $20,050,000 in current interest bonds with interest rates ranging from 3.00% to 5.00% and annual maturities from August 2012 through August 2033, and $1,783,149 in capital appreciation bonds with interest rates ranging from 5.67% to 6.03% and annual maturities from August 2024 through August 2027. Interest on the bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year commencing August 1, 2009.

In September 2010, the District issued $12,982,09 of 2008 Election, Series B, General Obligation Bonds. The Series B Bonds were authorized at an election of the registered voters of the District held on November 8, 2008 which authorized a total of $79,550,000 principal amount of general obligation bonds to finance new construction and additions to and modernization of school facilities for the District.

The Series B bonds were the second issue pursuant to such authorization and consisted of $12,982,209 in capital appreciation bonds with interest rates ranging from 6.14% to 6.49% and annual maturities from August 2034 through August 2050. Interest on the bonds accrues from the date of delivery and is payable as accreted interest beginning August 1, 2034 and through the maturity date August 1, 2050.

2014 General Obligation Bonds

In April 2015, the District issued $2,900,000 of 2014 Election, Series A, General Obligation Bonds. The Series A Bonds were authorized at an election of the registered voters of the District held on November 4, 2014 which authorized a total of $31,000,000 principal amount of general obligation bonds to finance new construction and additions to and modernization of school facilities for the District. The bonds have an interest rate of 1.36% and maturities from August 2016 to August 2018. Interest on the bond accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016.

2015 General Obligation Refunding Bonds

In June 2015, the District issued $6,185,000 of Series 2015A, General Obligation Refunding Bonds. The Refunding Bonds were issued to refund a portion of the District's outstanding General Obligation Bonds, 2008 Election, Series B and to pay costs of issuance of the Series 2015A Refunding Bonds. The Bonds consisted of current interest bonds with interest rates ranging from 2.00% to 5.00% with annual maturities from August 2017 through August 2033. Interest on the bond accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016.

2016 General Obligation Refunding Bonds

In November 2016, the District issued $17,815,000 of Series 2016, General Obligation Refunding Bonds. The Refunding Bonds were issued to refund a portion of the District's outstanding General Obligation Bonds, 2008 Election, Series A and to pay costs of issuance of the Series 2016 Refunding Bonds. The Bonds consisted of current interest bonds with interest rates ranging from 2.00% to 5.00% with annual maturities from August 2016 through August 2033. Interest on the bond accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2017.

2014 General Obligation Bonds

In November 2018, the District issued $15,000,000 of Series 2014 Election, Series B, General Obligation Bonds. The General Obligation Bonds were issued to fund facilities and technology improvements for all Lakeside Union School District school sites. The Bonds consisted of current interest bonds with interest rates ranging from 4.00-5.75% with annual maturities from August 2019 through August 2045. Interest on the bond accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2045.

The outstanding bonded debt of Proposition V and Measure L Building Fund (21-39) is as follows:

Description	Date of Issuance	Interest Rate	Maturity Date	Original Issue Amount	Beginning Balance	Increases	Decreases	Ending Balance
2008 Election, Series A	04/23/09	3.00-6.03%	08/01/33	$ 21,833,149	$ 2,918,149	$ -	$ 510,000	$ 2,408,149
2008 A Premium	04/23/09		08/01/33	846,769	84,587	-	14,783	69,804
2008 A Accreted Interest	04/23/09		08/01/27	-	1,681,246	287,103	-	1,968,349
Total 2008 Election, Series A				$ 22,679,918	$ 4,683,982	$ 287,103	$ 524,783	$ 4,446,302
2008 Election, Series B	10/07/10	6.14-6.49%	08/01/50	$ 12,982,209	$ 10,690,031	$ -	$ -	$ 10,690,031
2008 B Premium	10/07/10		08/01/50	338,737	278,929	-	-	278,929
2008 B Accreted Interest	10/07/10		08/01/50	-	6,257,203	1,102,504	-	7,359,707
Total 2008 Election, Series B				$ 13,320,946	$ 17,226,163	$ 1,102,504	$ -	$ 18,328,667
2014 Election, Series A	04/07/15	1.36%	08/01/18	$ 2,900,000	$ 1,031,000	$ -	$ 1,031,000	$ -
Total 2014 Series A				$ 2,900,000	$ 1,031,000	$ -	$ 1,031,000	$ -
2015 Refunding Bonds	06/09/15	2.00-4.00%	08/01/35	$ 6,185,000	$ 6,020,000	$ -	$ 110,000	$ 5,910,000
2015 Discount	06/09/15		08/01/35	(80,353)	(78,213)	-	(1,429)	(76,784)
Total 2015 Refunding Bonds				$ 6,104,647	$ 5,941,787	$ -	$ 108,571	$ 5,833,216
2016 Refunding Bonds	11/02/16	2.00-5.00%	08/01/33	$ 17,815,000	$ 17,455,000	$ -	$ -	$ 17,455,000
2016 Premium	11/02/16		08/01/33	1,937,882	1,898,722	-	-	1,898,722
Total 2016 Refunding Bonds				$ 19,752,882	$ 19,353,722	$ -	$ -	$ 19,353,722
2014 Election, Series B	11/15/16	4.00-5.75%	08/01/45	$ 15,000,000	$ -	$ 15,000,000	$ -	$ 15,000,000
2016 Premium	11/15/16		08/01/45	957,376	-	957,376	-	957,376
Total 2016 Refunding Bonds				$ 15,957,376	$ -	$ 15,957,376	$ -	$ 15,957,376
	Totals			$ 80,715,769	$ 48,236,654	$ 17,346,983	$ 1,664,354	$ 63,919,283

The annual requirements to amortize the general obligation bonds payable outstanding as of June 30, 2019, net of premiums and discounts, is as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2020	$ 1,615,000	$ -	$ 919,456	$ 2,534,456
2021	1,365,000	-	895,306	2,260,306
2022	1,420,000	-	869,556	2,289,556
2023	1,050,000	-	1,544,891	2,594,891
2024	1,285,000	-	1,496,932	2,781,932
2025-2029	4,978,149	5,161,851	8,423,753	18,563,753
2030-2034	17,330,000	-	4,740,335	22,070,335
2035-2039	8,399,980	16,755,020	1,953,106	27,108,106
2040-2044	7,333,550	15,983,322	1,028,050	24,344,922
2045-2049	5,430,153	23,273,266	103,300	28,806,719
2050-2054	1,256,348	14,228,303	-	15,484,651
Total	$ 51,463,180	$ 75,401,762	$ 21,974,685	$ 148,839,627

Accreted interest represented in the table is inclusive of amounts that have accrued as of June 30, 2019. Accreted interest represented in the repayment schedule is inclusive of all amounts that will be repaid.

H. 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 District has issued bonds at a premium and at a discount. The premiums and discounts are being amortized over the life of the debt using the effective interest rate method.

Premiums and discounts issued on the debt resulted in an effective interest rate as follows:

	2008 Series A Bonds	2008 Series B Bonds	2015 Refunding Bonds	2016 Refunding Bonds	2014 Series B Bonds
Total Interest Payments on Bonds	$ 23,929,697	$ 79,073,622	$ 3,328,219	$ 8,717,336	$ 11,652,125
Less Bond (Premium)/Discount	(846,769)	(338,737)	80,353	(1,937,882)	(957,376)
Net Interest Payments	$ 23,082,928	$ 78,734,885	$ 3,408,572	$ 6,779,454	$ 10,694,749
Par Amount of Bonds	$ 21,833,149	$ 12,982,209	$ 6,185,000	$ 17,815,000	$ 15,000,000
Periods	21	38	20	15	26
Effective Interest Rate	5.034%	15.960%	2.756%	2.537%	2.742%

I. Construction Commitments

As of June 30, 2019 the Building Fund (21-39) is as follows:

Construction in Process:	Commitment	* Expected Date of Final Completion
Classroom TV Installations	$ 965,000	September 2019
EH/WG fire	24,133	January 2020
EH/G shade structures	39,427	November 2019
LMS old hall roof	7,031	October 2019
LF/LMS floor	7,250	September 2019
LP HVAC replacement	7,940	September 2019
District wide video surveillance	34,868	January 2020
LF modernization	1,125	September 2019

* Expected date of final completion subject to change

J. 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. Classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on their website.

b. Benefits Provided

CalPERS provides 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 Plan's' provisions and benefits in effect at June 30, 2019 are summarized as follows:

	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%*	1.1-2.5%*
Required Employee Contribution Rates (at June 30, 2019)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2019)	18.062%	18.062%

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

c. Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability**.** The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 6.00%, and the employer contribution rate was 13.888% of annual payroll. For the fiscal year ending June 30, 2019, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 18.062%.

d. Contributions Recognized

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

	District Share of CalPERS	Bond Share of CalPERS
Contributions - Employer	$ 1,569,004	$ 991
Total Contributions	$ 1,569,004	$ 991

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

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

	District Proportionate Share of Net Pension Liability	Bond Proportionate Share of Net Pension Liability
CalPERS	$ 16,975,627	$ 10,399
Total Net Pension Liability	$ 16,975,627	$ 10,399

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability**.** The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 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, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and June 30, 2019 was as follows:

District Share CalPERS	Bond Share CalPERS
0.0661%	0.0004%
0.0637%	0.0006%
-0.0024%	0.0002%

a. Pension Expense

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

	District Share of CalPERS	Bond Share of CalPERS
Change in Net Pension Liability (Asset)	$ 1,186,980	$ 1,566
Employer Contributions to Pension Expense	1,569,004	991
Increase/(Decrease) in Deferred Outflows of Resources		
Employer Contributions Subsequent To Measurement Date	(226,130)	(192)
Difference Between Actual and Expected Experience	(672,480)	1,637
Change in Assumptions	385,748	203
Change in Proportionate Shares	120,806	(382)
Net Difference Between Projected and Actual Earnings	916,795	6,882
Increase/(Decrease) in Deferred Inflows of Resources		
Change in Assumptions	(160,208)	(2,265)
Change in Proportionate Shares	444,870	(32,945)
Net Difference Between Projected and Actual Earnings	(509,495)	(11,623)
Total Pension Expense	$ 3,055,890	$ (36,128)

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:

District Share of CalPERS			Bond Share of CalPERS		
Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect On Expenses	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect On Expenses
$ 1,569,004	$ -	$ 1,569,004	$ 991	$ -	$ 991
1,407,622	-	1,407,622	3,431	-	$ 3,431
2,074,178	(160,208)	1,913,970	1,173	(2,264)	$ (1,091)
221,889	(525,430)	(303,541)	382	(73,883)	$ (73,501)
1,435,542	(1,298,052)	137,490	10,774	(748)	$ 10,026
$ 6,708,235	$ (1,983,690)	$ 4,724,545	$ 16,751	$ (76,895)	$ (60,144)

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, 2019. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

	District Share of CalPERS			Bond Share of CalPERS		
Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect On Expenses	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect On Expenses
2020	$ 3,786,102	$ (704,278)	$ 3,081,824	$ 10,705	$ (35,438)	$ (24,733)
2021	1,599,767	(544,069)	1,055,698	5,113	(33,173)	(28,060)
2022	1,029,123	(517,217)	511,906	660	(8,224)	(7,564)
2023	293,243	(218,126)	75,117	273	(60)	213
Total	$ 6,708,235	$ (1,983,690)	$ 4,724,545	$ 16,751	$ (76,895)	$ (60,144)

c. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumption:

	CalPERS
Valuation Date	June 30, 2018
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age - Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.5%
Payroll Growth	(1)
Investment Rate of Return	7.15%
Mortality	(2)

(1) Wage growth is a component of inflation of CalPERS Assumption.
(2) 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 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, 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 website.

The CalPERS discount rate was adjusted from 7.50% to 7.15% for measurement date June 30, 2017 to correct for an adjustment to exclude administrative expenses.

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. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in November 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2018-19 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

CalPERS

Asset Class	Assumed Allocation	Real Return Years 1-10(1)	Real Return Years 11+(2)
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%	4.63%
Liquidity	1.00%	-	0.92%

(1) An expected inflation of 2.00% used for this period
(2) 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 the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share and Bond 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:

	District Share of CalPERS	Bond Share of CalPERS
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 24,715,701	$ 15,140
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 16,975,627	$ 10,399
1% Increase	8.15%	8.15%
Net Pension Liability	$ 10,554,127	$ 6,465

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

CalPERS - District Share	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2018 (Previously Reported)	$ 56,131,150	$ 40,342,503	$ 15,788,647
Changes for the year:			
Adjustment for Change in Proportionate Share	(2,096,313)	(1,506,660)	(589,653)
Service Cost	1,383,290	-	1,383,290
Interest	3,925,526	-	3,925,526
Differences Between Expected and Actual Experience	1,179,687	-	1,179,687
Changes in Assumptions	286,542	-	286,542
Contributions - Employer	-	1,318,437	(1,318,437)
Contributions - Employee	-	606,733	(606,733)
Net Plan to Plan Resource Movement	-	1	(1)
Net Investment Income	-	3,243,874	(3,243,874)
Benefit Payments, Including Refunds			-
of Employee Contributions	(2,580,499)	(2,580,499)	-
Administrative Expenses	-	(58,859)	58,859
Other Expenses	-	(111,774)	111,774
Net Changes	2,098,233	911,253	1,186,980
Balance at June 30, 2019	$ 58,229,383	$ 41,253,756	$ 16,975,627

CalPERS - Bond Share	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2018 (Previously Reported)	$ 31,402	$ 22,569	$ 8,833
Changes for the year:			
Adjustment for Change in Proportionate Share	1,697	1,220	477
Service Cost	847	-	847
Interest	2,405	-	2,405
Differences Between Expected and Actual Experience	723	-	723
Changes in Assumptions	176	-	176
Contributions - Employer	-	808	(808)
Contributions - Employee	-	372	(372)
Net Investment Income	-	1,987	(1,987)
Benefit Payments, Including Refunds of Employee Contributions	(1,581)	(1,581)	-
Administrative Expenses	-	(36)	36
Other Expenses	-	(68)	68
Net Changes	4,267	2,702	1,565
Balance at June 30, 2019	$ 35,669	$ 25,271	$ 10,399

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

K. Postemployment Benefits Other Than Pension Benefits

1. General Information About the OPEB Plan

Plan Description

The District's defined benefit OPEB plan, Lakeside Union School District Retiree Healthcare Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. 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 lie with the District's board of directors.

Benefit Plan Provisions

The postretirement health plans and the District's obligation vary by employee group as described below.

Classified Employees

The District provides retiree medical including prescription drug benefits and dental benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. Eligibility for retiree medical and dental benefits requires retirement under PERS on or after age 55 with at least 10 years of District eligible service.

The District's contribution is 100% of the retiree-only medical and dental premium. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical and dental coverage on a self-paid basis. Spouse coverage ceases upon the death of the retiree.

Benefits Provided

The Plan provides the following benefits to retirees:

Description	Plan
Benefit types provided	Medical, life, prescription, dental
Duration of benefits	To age 65
Required service	10-15 years
Minimum age	55 (50 PERS management employees)
Dependent coverage	Yes
District contribution	100%

Employees Covered by Benefit Terms

At June 30, 2019, the following retirees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	75
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	475
Total number of participants	550

Contributions

The District makes contributions to CERBT to fund as much of the OPEB liability as determined feasible in the current operating budget. Contributions are determined by management of the District based on budget implications. Plan members are not required to contribute to the plan.

2. Investments

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the CalPERS Board by a majority vote of its members. It is the policy of the CalPERS Board to pursue and investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The CERBT provides participating employers with the choice of three investment allocation strategies.

The expected rate of return of assets is dependent on the funding strategy of a participating employer and which investment allocation strategy is selected. For employers fully funding their annual required contribution, Strategy 1 has a CERBT published median yield of 7.28%. Strategy 2 has a published median yield of 6.73% and Strategy 3 has a published median yield of 6.12%. The District has selected to participate in CERBT Strategy 1. The objective of CERBT Strategy 1 portfolio is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. There is no guarantee that the portfolio will achieve its investment objective.

Investment Strategy

The CERBT Strategy 1 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. Generally, equities are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

The CERBT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

Asset Class	Target Allocation*	Target Range	Benchmark
Global Equity	57%	+ or - 2%	MSCI All Country World Index IMI (net)
Fixed Income	27%	+ or - 2%	Bloomberg Barclays Long Liability Index
Treasury Inflation - Protected Securities	5%	+ or - 2%	Bloomberg Barclays U.S. TIPS Index, Series L
Real Estate Investment Trusts	8%	+ or - 2%	FTSE EPRA/NAREIT Developed Liquid Index
Commodities	3%	+ or - 2%	S&P GSCI Total Return Index

*Allocations were approved by the CalPERS Board at the October 2014 Investment Committee meeting

Concentrations

The Plan holds investments explicitly in the CERBT Strategy 1 portfolio which represents an amount greater than 5% of the Plan's fiduciary net position.

Rate of Return

For the year ended June 30, 2019, the time weighted investment rates of return for CERBT Strategy 1 was:

Category	1 Year Return	3 Year Return	5 Year Return
Total Fund	10.60%	3.70%	8.10%
Global Equity	19.40%	5.20%	11.10%
Global Fixed Income	0.30%	4.30%	3.90%
TIPS	-0.60%	0.06%	0.20%
REITS	-0.10%	3.90%	7.60%
Commodities	-8.90%	-24.80%	-14.00%

Index	1 Year Return	3 Year Return	5 Year Return
CERBT Strategy 1 Policy Index	9.90%	3.20%	7.70%
CERBT S1 Global Equity Benchmark	19.00%	4.90%	10.80%
CalPERS Custom Long Liability (Daily)	-0.90%	3.50%	2.90%
CalPERS TIPS (Daily)	-0.60%	0.60%	0.30%
PERS FTSE EPRA NAREIT Developed Liquid	-0.90%	3.10%	7.00%
GSCI Total Return (Daily)	-9.00%	-24.80%	-13.70%

For the year ended June 30, 2019, the money-weighted rate of return, net of investment expense, was 10.0%.

3. Total OPEB Liability

The District's total OPEB liability of $14,196,360 and the Building Fund's (21-39) total OPEB liability portion of $2555 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year:	July 1st to June 30th
Measurement Date:	June 30, 2019
Funding Policy:	Pay-as-you-go
Asset Return:	7.0% per annum, assumes the District invests in the CERBT asset allocation Strategy 1 with a margin for adverse deviation of 28bps.
Discount Rate:	3.50% per annum. The discount rate is a blended rate between the rate of return at 7.0% and 3.5%, the resulting rate using the average of 3-20 year municipal bond rate indices: S & P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.
Inflation:	2.75% per annum
Payroll Increases:	3.00% per annum, in aggregate

Pre-retirement turnover:

According to the Crocker-Sarason T-5 turnover table less mortality, sample rates are as follows:

Age	Males	Females
20	7.90%	7.90%
25	7.70%	7.70%
30	7.20%	7.20%
35	6.30%	6.30%
40	5.20%	5.20%
45	4.00%	4.00%
50	2.60%	2.60%
55	0.90%	0.90%

Mortality rates:

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for the pension valuations. Sample rates are as follows:

CalPERS				
	Actives		Retirees	
Age	Males	Females	Males	Females
25	0.040%	0.023%		
30	0.049%	0.025%		
35	0.057%	0.035%		
40	0.075%	0.050%		
45	0.106%	0.071%		
50	0.155%	0.100%		
55	0.228%	0.138%	0.599%	0.416%
60	0.308%	0.182%	0.710%	0.436%
65	0.400%	0.257%	0.829%	0.588%
70			1.305%	0.993%
75			2.205%	1.722%
80			3.899%	2.902%

The CalPERS mortality rates have been updated to reflect those used in the most recent CalPERS pension valuation which reflect additional mortality improvement experience.

CalSTRS				
	Actives		Retirees*	
Age	Males	Females	Males	Females
25	0.023%	0.013%		
30	0.033%	0.014%		
35	0.034%	0.018%		
40	0.057%	0.034%		
45	0.076%	0.041%		
50	0.103%	0.063%		
55	0.143%	0.093%	0.164%	0.118%
60	0.238%	0.179%	0.300%	0.254%
65	0.435%	0.368%	0.596%	0.468%
70			1.095%	0.864%
75			1.866%	1.451%
80			3.772%	2.759%

*Rates applicable to future retirees include a 2 year setback.

Retirement Rates:

	Percent Retiring*	
Age	CalSTRS Employees	CalPERS Employees
50-54	0%	2%
55	25%	25%
56	15%	15%
57	10%	10%
58	10%	10%
59	10%	10%
60	50%	50%
61	35%	35%
62	50%	50%
63	25%	25%
64	25%	25%
65	100%	100%

*Of those having met eligibility to receive District paid benefits. The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year.

Retirement Eligibility Age: The earliest retirement age assumed for employees who participate in CalSTRS is age 55. The earliest retirement age assumed for employees who participate in CalPERS is age 50.

Participation Rates: 85% of future active employees are assumed to elect retiree health coverage at retirement. Approximately 75% are assumed to elect the Kaiser HMO 10 Plan and the remainder in the Select HMO Network or the Network I HMO if certificated employees.

Spouse Coverage: 15% of future retirees electing coverage are assumed to elect coverage for their spouse. Spouses are assumed to be the same age as the retiree.

Average Claim Costs: The valuation was based on the premiums and funding rates furnished by the District. These costs include medical and prescription drug for both active and retired employees.

A claim cost curve was developed using an assumption for aging based on the District’s covered population (pooled populations from SISC and VEBA were not provided) using Tower Watson Health Maps. This results in an expected claim cost for every 5 year age bracket. Sample annual medical/Rx costs are provided in the table below.

Age Band	SISC	VEBA
55 to 59	$ 9,385	$ 11,390
60 to 64	$ 11,255	$ 13,680

Medical Trend Rates: Medical costs are adjusted in future years by the following trends:

Year	Trend
2018	7.0%
2019	6.5%
2020	6.0%
2021	5.5%
2022+	5.0%

Future Increases on District Maximum: No future increases are assumed in the current maximum.

Actuarial Cost Method: The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the "cost" is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. For plans unrelated to pay, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to funded by future normal costs.

All employees eligible as of the measurement date in accordance with the provision of the plan listed in the data provided by the District were included in the valuation.

Actuarial Value of Assets: Any assets of the plan will be valued on a market value basis.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 1997 through June 30, 2011 which was completed and adopted by the Cal PERS Board in April 2014.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed by for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Inflation Assets	5.00%	1.25%
Global Debt Securities	27.00%	2.25%
Global Equities	57.00%	5.25%
REIT's	8.00%	4.50%
Commodities	3.00%	1.25%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.22% (an increase from 3.50% used in the June 30, 2018 measurement date). The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Total OPEB Liability – District

	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$ 14,099,563	$ 500,000	$ 13,642,806
Changes for the year:			
Service cost	935,348	-	935,348
Interest	511,233	-	511,233
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	(214,514)	-	(214,514)
Contributions - Employer	284,429	1,456,503	(1,172,074)
Benefit payments, including refunds		35,423	(35,423)
of employee contributions	(856,503)	(856,761)	258
Net Changes	659,993	635,165	24,828
Balance at June 30, 2019	$ 14,759,556	$ 1,135,165	$ 13,624,391

Changes in the Total OPEB Liability – Building Fund (21-39) Portion

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$ 1,259	$ -	$ 1,259
Changes for the year:			
Service cost	168	-	168
Interest	92	-	92
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	(39)	-	(39)
Contributions - Employer	51	262	(211)
Net investment income	-	6	(6)
Benefit payments, including refunds of employee contributions	(154)	(154)	-
Net Changes	118	114	4
Balance at June 30, 2019	$ 1,377	$ 114	$ 1,263

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

The following presents the total OPEB liability of the District and the Building Fund (21-39) portion, as well as what the District's and Building Fund (21-39)'s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current discount rate:

	1% Decrease (2.22%)	Discount Rate (3.22%)	1% Increase (4.22%)
Total OPEB Liability - District	$ 14,685,098	$ 13,624,391	$ 12,633,916
Total OPEB Liability - Building Fund (21-39)	$ 1,361	$ 1,263	$ 1,172

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

The following presents the total OPEB liability of the District and Building Fund (21-39), as well as what the District's and Building Fund (21-39)'s portion of the 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	Cost Trend Rate	1% Increase
	5.50% decreasing to 4.00%	6.50% decreasing to 5.00%	7.50% decreasing to 6.00%
Total OPEB Liability - District	$ 12,062,500	$ 13,624,391	$ 15,467,206
Total OPEB Liability - Building Fund (21-39)	$ 1,118	$ 1,263	$ 1,503

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 $1,207,017 and the Building Fund (21-39) portion was $217. At June 30, 2019 the District and the Building Fund (21-39) portion reported deferred inflows of resources related to the following sources:

	Deferred Inflows of Resources
Changes in Assumption - District	$ 70,318
Changes in Assumption - Building Fund (21-39)	$ 12

Future amortization of deferred inflows is as follows:

Year Ending June 30,	District Portion	Building Fund (21-39)
2020	$ 14,063	$ 3
2021	14,063	3
2022	14,063	2
2023	14,063	2
2024	14,066	2
Total	$ 70,318	$ 12

At June 30, 2019 the District and Building Fund (21-39) did not report any deferred outflows of resources relating to OPEB. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB adjustments during the fiscal year ending June 30, 2020.

Payable to the OPEB Plan

At June 30, 2019 the District and the Building Fund (21-39) did not have any payables outstanding.

L. Compensated Absences

As of June 30, 2019, the District had a compensated absences liability associated with employees charged to Proposition V and Measure L Building Fund (21-39) as follows:

	Proposition V Measure L Building Fund (21-39)
Accrued Vacation Balances	$ 3,470

M. 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 Statement 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.

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

Schedule of the District's and Bond's Proportionate Share of the Net Pension Liability
California Public Employee Retirement System (CalPERS)
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)	0.0637%	0.0661%	0.0603%	0.0613%	0.0586%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 16,975,627	$ 15,788,647	$ 11,911,296	$ 9,029,628	$ 6,651,738	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 8,489,119	$ 8,494,456	$ 7,720,687	$ 7,303,360	$ 6,812,395	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	199.97%	185.87%	154.28%	123.64%	97.64%	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
Bond's proportion of the net pension liability (asset)	0.0001%	0.0001%	0.0002%	0.0009%	0.0012%	N/A	N/A	N/A	N/A	N/A
Bond's proportionate share of the net pension liability (asset)	$ 10,399	$ 8,833	$ 47,275	$ 137,040	$ 136,212	N/A	N/A	N/A	N/A	N/A
Bond's covered-employee payroll	$ 5,487	$ 5,145	$ 4,702	$ 28,986	$ 103,390	N/A	N/A	N/A	N/A	N/A
Bond's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	189.52%	187.86%	163.10%	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 ten 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

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

Schedule of the District's and Bond's Contributions
California Public Employee Retirement System (CalPERS)
Last Ten Fiscal Years*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District:										
Contractually required contribution	$ 1,569,004	$ 1,342,874	$ 1,072,249	$ 865,229	$ 801,887	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,569,004)	(1,342,874)	(1,072,249)	(865,229)	(801,887)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,686,768	$ 8,646,410	$ 7,720,687	$ 7,303,360	$ 6,812,395	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
Bond Portion:										
Contractually required contribution	$ 991.00	$ 799	$ 653	$ 3,434	$ 12,170	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(991)	(799)	(653)	(3,434)	(12,170)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bond's covered-employee payroll	$ 5,487	$ 5,145	$ 4,702	$ 28,986	$ 103,390	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 ten 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

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

Schedule of Changes in the District's and Bond Portion's Total OPEB Liability and Related Ratios
LUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
District total OPEB liability:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Service cost	$ 935,348	$ 903,718	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	511,233	480,489	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	(214,514.00)	-	-	-	-	-	-	-	-	-
Changes of assumptions	284,428	(98,446)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments, including refunds of employee										
contributions	(856,503)	(829,004)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	659,992	456,757	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	14,099,563	13,642,806	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending (a)	$ 14,759,555	$ 14,099,563	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District plan fiduciary net position:										
Contributions - employer	$ 1,456,503	$ 1,329,004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investments income	35,423	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee										
contributions	$ (856,761)	(829,004)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position (b)	$ 635,165	500,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability - ending (a-b)	$ 13,624,391	$ 13,599,563	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the										
total OPEB liability	4.30%	3.68%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered employee payroll	$ 30,064,000	$ 30,064,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Districts net OPEB liability as a percentage of										
covered employee payroll	45.32%	45.24%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bond portion total OPEB liability:										
Service cost	$ 168	$ 81	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	92	43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(39)	(9)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments, including refunds of employee	51									
contributions	(154)	(74)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	$ 118	$ 41	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	1,259	1,218	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending (a)	$ 1,377	$ 1,259	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bond portion plan fiduciary net position:										
Contributions - employer	$ 262	$ 119	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investments income	6									
Benefit payments, including refunds of employee										
contributions	(154)	(74)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position (b)	114	45	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability - ending (a-b)	1,263	1,214	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the										
total OPEB liability	9.03%	3.70%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered employee payroll	5,411	5,143	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Districts net OPEB liability as a percentage of										
covered employee payroll	23.34%	23.60%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V AND MEASURE L BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
Schedule of District and Bond Portion Contributions
LUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District:										
Actuarially determined contribution	$ 824,820	$ 842,259	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially required contribution	(1,456,503)	(1,329,004)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ (631,683.00)	$ (486,745)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 30,064,200	$ 30,064,200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	4.84%	4.42%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bond Portion:										
Actuarially determined contribution	$ 148	$ 75	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially required contribution	(262)	(119)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ (114.00)	$ (44)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bond's covered-employee payroll	$ 5,411	$ 5,143	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	4.84%	2.31%	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 ten 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

Schedule of Investment Returns LUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2019	7.00%
2018	7.00%
2017	N/A
2016	N/A
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A
2010	N/A

*This schedule is presented to illustrate the requirement to show information for ten years; however, until a full ten-year trend is compiled, OPEB plans should present information for those years for which information is available.

N/A – The money-weighted rate of return, net of investment expenses, is not available for periods prior to 2018.

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 the discount rate was cha
7.60% to 7.10%.

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). In determining the total pension liability, the financial reporting actuarial valuation 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	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	07/01/97-06/30/11	07/01/97-06/30/11	07/01/97-06/30/11	07/01/97-06/30/11	07/01/10-06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.50%
Post-Retirement Benefit Increase	2.00% Simple	2.00% Simple	2.00% Simple	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 there were no changes to benefits.

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

3) The following are the discount rates for the period:

Year	Discount Rate
2018	3.35%
2019	3.22%

SUPPLEMENTARY INFORMATION

Bond proceeds will be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the District located at the following locations:

Project Description	School Site	Expense Amount
Replacement of SmartBoards with flat-panel monitors and AppleTV in classrooms	All	$965,000
Shade Structures	Eucalyptus Hills and Winter Gardens	$39,427
Flooring replacement	Lakeside Farms and Lakeside Middle School	$7,250
Roofing replacement of Old Hall	Lakeside Middle School	$7,031
Fire alarm upgrades	Eucalyptus Hills and Winter Gardens	$24,132
HVAC upgrades	Lindo Park	$7,940
Vacant lot clean-up	Lakeside Farms	$1,125
Video surveillance system upgrade	Districtwide	$34,868
General administrative expenses for all projects	Districtwide	$66,987
Total Construction-Related Expenditures		**$1,153,759**

During the 2018-19 fiscal year, the following administrative and planning activities were completed at the Lakeside Union School District:

In addition to the construction related expenditures above, costs of $260,072 related to the sale of Measure L, Series B bonds were also expensed in the bond fund during the 2018-19 fiscal year

OTHER INDEPENDENT AUDITORS' REPORTS

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

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Aubrey W. King, 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*

Governing Board Members and
Citizens' Oversight Committee
Lakeside Union School District
Lakeside, California

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 Proposition V and Measure L Building Fund (21-39) of Lakeside Union School District, which comprise the balance sheet as of June 30, 2019, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lakeside Union 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakeside Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lakeside Union School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakeside Union 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co, LLP

El Cajon, California
February 14, 2020

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

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

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

Independent Auditor's Report on Performance

Governing Board Members and
Citizens' Oversight Committee
Lakeside Union School District
Lakeside, California

We were engaged to conduct a performance audit of the Lakeside Union School District Proposition V and Measure L Building Fund (21-39) for the year ended June 30, 2019.

Management's Responsibility for Performance Compliance

Our audit was limited to the objectives listed with the report which includes the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

Auditor's Responsibility

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

In planning and performing our performance audit, we obtained an understanding of the Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of the Proposition V and Measure L Building Fund (21-39) Lakeside Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements for the Proposition V and Measure L General Obligation Bond for the fiscal year ended June 30, 2019. The objective of the audit of compliance applicable to Lakeside Union School District is to determine with reasonable assurance that:

- The proceeds from the sale of the Proposition V and Measure L Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.

- The Governing Board of the District, in establishing the approved projects set forth in the ballot measure to modernize, replace, renovate, construct, acquire, equip, furnish, and otherwise improve facilities of the District as noted in the bond project list.

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In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedure Performed

Inquiries were made of management regarding internal controls to:

- Prevent fraud, waste, or abuse regarding Proposition V and Measure L resources.
- Prevent material misstatement in the Proposition V and Measure L Building Fund (21-39) financial statements.
- Ensure all expenditures are properly allocated.
- Ensure adequate separation of duties exists in the accounting of Proposition V and Measure L funds.

The Construction Manager submits a pay application to the District that defines the total cost of the upcoming project. The Assistant Superintendent of Business Services verifies that the requested purchase is an allowable project cost in accordance with the Proposition V and Measure L Ballot initiative approved by local voters, as well as the Board approved budget. Based on this information the Executive Assistant initiates a requisition for the total amount of the project and submits it to the Purchasing Technician for conversion to Purchase Order. The Purchase Order is then forwarded to the Assistant Superintendent of Business Services for final review and signature. Throughout the course of the project the Construction Manager will submit invoices to the District in the form of pay applications. These applications will be reviewed and signed by the Architect and Assistant Superintendent of Business Services before being forwarded to Account Payable who verifies that the charges are consistent with amounts of the approved contract/purchase order. The Accounts Payable Clerk then processes the invoice through the accounts payable system of the District for payment. The checks and back up documents are they audited by the San Diego County Office of Education Commercial Warrant Audit Unit to ensure compliance with procurement regulations and good business practices before payment is released.

Results of Procedures Performed

The results of our audit determined the internal control procedures as implemented are sufficient to meet the financial and compliance objectives required by generally accepted accounting principles and applicable laws and regulations.

Tests of Expenditures

Procedures Performed

We tested expenditures to determine whether Proposition V and Measure L funds were spent solely on voter and Board approved school facilities projects as set forth in the Bond Project Lists and language of the Proposition V and Measure L ballot measure language. Our testing included $1,352,708 of expenditures which was 95.68% of total bond expenditures for the year.

Results of Procedures Performed

We found no instances where expenditures tested were not in compliance with the terms of the Proposition V and Measure L ballot measure and applicable state laws and regulations.

Tests of Contracts and Bid Procedures

Procedures Performed

We reviewed the District's board minutes for approval of construction contracts and change orders, if any, to determine compliance with the District's policy and Public Contract Code provisions related to biddings and contracting.

Results of Procedures Performed

We noted no instances where the District was out of compliance with respect to contracts and bidding procedures.

Facilities Site Review

Procedures Performed

We reviewed the Independent Citizens' Oversight Committee minutes and agenda and other pertinent information on Proposition V and Measure L designated projects and determined the Proposition V and Measure L funds expended for the year ended June 30, 2019 were for valid facilities acquisition and construction purposes as stated in the Bond Project List. Auditors performed walk through and reviewed photographs of significant bond projects.

Results of Procedures Performed:

Based on our review of the minutes and agenda of the Independent Citizens' Oversight Committee, the documentation and pertinent information of the Proposition V and Measure L designated projects, and walkthrough of project site, it appears the construction work performed was consistent with the Bond Project List.

Citizens' Oversight Committee

Procedures Performed

We have reviewed the minutes of the Citizens' Oversight Committee meetings to verify compliance with Education Code sections 15278 through 15282.

Results of Procedures Performed

We have determined, the Lakeside Union School District's Proposition V and Measure L Building Fund (21-39) Citizens' Oversight Committee and its involvement is in compliance with Education Code sections 15278 through 15282. Our audit of compliance made for the purposes set forth in the second and third paragraphs of this report above would not necessarily disclose all instances of noncompliance.

Opinion on Performance

The results of our tests indicated that the District expended Proposition V and Measure L General Obligation Bonds only for specific projects approved by the voters, in accordance with Proposition 39 outlined in Article XIIIA, Section 1(b)(3)(c) of the California Construction, and with Proposition V and Measure L approved by the voters in the Lakeside Union School District on November 4, 2008.

Purpose of the Report

This report is intended solely for the information and use of the District's Governing Board, the Proposition V and Measure L Citizens' Oversight Committee, management, others within the entity, and the taxpayers of Lakeside Union School District and is not intended to be and should not be used by anyone other than these specified parties.

Wilkinson Hadley King & Co. LLP

El Cajon, California
February 14, 2020

Auditor’s Results, Findings & Recommendations

Findings noted for the fiscal year ended June 30, 2019.

There were no current year findings.

Findings noted for the fiscal year ended June 30, 2018.

As stated in our Independent Auditor's Report on *Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, our tests resulted in no findings and recommendations related to the financial audit of the Proposition V Measure L Building Fund (21-39) for the year ending June 30, 2018.

As stated in our *Independent Auditor's Report on Performance*, our tests resulted in Finding 2018-001 related to the performance audit of the Proposition V Measure L Building Fund (21-39) for the year ended June 30, 2018.

Finding 2018-001

We are bringing to management's attention the following exceptions and procedural requirements relating to the composition of the Independent Citizens Oversight Committee:

- One member must be active in a business organization within the District's boundaries that represents the business community as a whole
- One member must be active in a senior citizens organization
- One member must be a parent/guardian of a child enrolled in the District
- One member must be a parent/guardian of a child enrolled in the District and is an active participant in the Parent Teacher Organization
- One member must be active in a bona fide taxpayer's organization

Proposition 39 Bond Law also requires that the Independent Citizens Oversight Committee to have at least one annual meeting with quorum and to approve an annual report summarizing activity.

Condition

During our review of the Independent Citizens Oversight Committee member listing, we noted there were only three members of the Independent Citizens Oversight Committee active as of June 30, 2018. The committee does not have a member that is active in a senior citizens organization and does not have a member that is active in a bona fide taxpayer's organization.

Questioned Costs

The finding relates to an aspect of non-compliance and there is no associated questioned costs.

Cause

The District has been unable to locate required members willing to participate in the Independent Citizens Oversight Committee.

Effect

The District is not in compliance with Proposition 39 bond law and regulations.

Recommendation

We recommend the District continue to attempt to obtain the required number of members and positions as stated under Proposition 39 bond law and regulations.

Corrective Action Plan

The District is aware of and agrees with the finding. The District is actively searching for candidates through various local publications, social media, and website notifications for qualified individuals. The District will continue to pursue potential members that meet the criteria established by Proposition Bond 39 law.