LAKESIDE UNION SCHOOL DISTRICT
COUNTY OF SAN DIEGO
LAKESIDE, CALIFORNIA

AUDIT REPORT

JUNE 30, 2017

Introductory Section

Lakeside Union School District
Audit Report
For The Year Ended June 30, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS

Financial Section

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

To the Board of Trustees
Lakeside Union School District
Lakeside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakeside Union School District ("the District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakeside Union School District as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

El Cajon Office
218 W. Douglas Avenue El Cajon, CA 92020
Tel. (619) 447-6700 Fax (619) 447-6707

Emeryville Office
1900 Powell Street, Suite 600 Emeryville, CA 94608
Tel. (619) 510-588-8729 Fax (619) 447-6707

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, 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 opinions on the financial statements that collectively comprise the Lakeside Union School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017 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.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 14, 2017

Lakeside Union School District
Management Discussion and Analysis
June 30, 2017
(Unaudited)

Our discussion and analysis of Lakeside Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the District's financial statements which follow this section. The intent of this discussion and analysis is to look at the District's financial performance. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements, and the notes to the financial statements.

The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the Management's Discussion and Analysis.

Overview of the Financial Statements

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

The Basic Financial Statements

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

The financial statements also provide notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements. A comparison of the District's general fund and major special revenue funds is provided.

District-wide Financial Condition

The Statement of Net Position is a District-wide financial statement that reports all that the District owns (assets) and owes (liabilities). It includes two charter schools that report under the same financial system as the District. The book value of all District assets, including buildings, land, and equipment as well as related depreciation are included in this financial statement. The following table summarizes the value of District net position for the year ended June 30, 2017:

Beginning Net Position-Restated	$ (28,401,481)
Change	(7,409,965)
Ending Net Position	$ (35,811,446)

The increase in the District's negative net position is primarily due to recognition of net pension liability required by Governmental Accounting Standards Board (GASB), Statement Number 68.

Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2017	June 30, 2016
Other Assets	$ 18,241,409	$ 18,183,112
Capital Assets	40,217,033	40,451,863
Total Assets	$ 58,458,442	$ 58,634,975
Deferred Outflows of Resources	$ 14,342,441	$ 9,359,447
Current and Other Liabilities	$ 4,422,914	$ 2,471,542
Long-term Liabilities	102,367,547	91,669,723
Total Liabilities	$ 106,790,461	$ 94,141,265
Deferred Inflows of Resources	$ 1,821,868	$ 2,488,904
Net Investment in Capital Assets	$ (4,048,025)	$ (3,820,985)
Restricted Net Assets	7,010,275	7,503,436
Unrestricted Net Assets	(38,773,696)	(33,083,932)
Total Net Position	$ (35,811,446)	$ (29,401,481)

The Statement of Activities is a District-wide financial statement that reports the District's cost of instruction and other District activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in the following table:

	June 30, 2017	June 30, 2016
Revenues		
Charges for Services	$ 1,103,885	$ 897,029
Operating Grants and Contributions	13,374,814	12,502,860
Taxes Levied for General Purposes	9,819,582	9,032,980
Taxes Levied for Debt Service	2,649,850	2,577,522
Taxes Levied for Other Specific Purposes	196,926	188,367
Federal and State Aid, Not Restricted	32,197,101	32,406,289
Interest and Investment Earnings	122,048	52,289
Interagency Revenues	942,016	805,365
Miscellaneous	910,428	842,332
Special and Extraordinary Items	8,650	0
Total Revenues	**$ 61,325,300**	**$ 59,305,033**
Expenses		
Government Activities:		
Instruction	$ 42,853,550	$ 40,933,145
Instruction-Related Services	4,949,687	4,212,596
Pupil Services	4,509,592	3,918,557
General Administration	5,765,624	4,474,680
Plant Services	4,415,216	4,555,529
Community Services	1,596,535	1,534,382
Interest on Long Term Debt	1,857,508	2,396,521
Other Outgo	345,966	0
Total Government Activities	66,293,678	62,025,410
Business Type Activities:		
Pupil Services	2,328,248	2,242,472
General Administration	113,349	111,065
Plant Services	0	24,411
Total Business Type Activities	2,441,597	2,377,948
Total Expenses	**$ 68,735,275**	**$ 64,403,358**
Total Increase (Decrease) in Net Position	**$ (7,409,965)**	**$ (5,098,325)**

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1 each year. Over the course of the year, the District's budget is revised several times to account for changes in categorical funding and to update budgets for prior-year carryover amounts. The budget is also revised to reflect mid-year changes to the State Budget which affects District funding. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2017:

	Adopted Budget	Year-End Budget	Actual
Total Revenues	52,933,061	54,162,434	54,031,911
Total Expenditures	52,668,029	54,384,664	53,504,525
Total Other Sources/(Uses)	0	3,150	3,150

The actual net increase to the total revenue budget was $1,101,850 due to several reasons. District declined in enrollment and used prior year ADA, very close to the same ADA in adopted budget with the exception of Annual NPS ADA. The changes in funding LCFF GAP increased from 54.84% in adopted budget to 56.07% in final budget, resulting in a net increase $54,353. Special Education funding is appropriated mid-year and additional funding was received for Lottery, Impact Aid, and other state and federal categoricals. Additionally, the budget for prior-year unspent funds (carryover) is appropriated mid-year.

The actual net increase to the total expenditure budget was $836,496 as a result of several factors. After budget adoption, salary increases were negotiated for Non-Management Classified Staff and was given an increase of 2.5% on salary schedule. Budget revisions are made annually as needed to account for changes in categorical funds received. Additionally, prior year expenditure budgets with unspent funds (carryover) were appropriated after the District closed its books at fiscal year-end.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2017:

Total Revenues	54,034,911
Total Expenditures	53,504,525
Other Financing Sources & Uses-	3,150
Net Change	533,536

Over the years, Lakeside Union School District has maintained a strong and financially responsible budget with a reasonable and appropriate reserve balance. This sound financial condition is a result of the wisdom of the governing board and good fiscal management by staff. This is evident in careful budget management, compliant oversight, and revenue maximization by improving attendance rates and offering programs that increase enrollment. Fiscal year 2017-18 will be another challenging year for the District. Future financial performance is dependent on management's ability to continue to control expenses and maintain revenue levels.

Capital Projects

In 2008-09 the voters passed Proposition V which provided $79.5 million to be spent on facilities and technology improvement for all Lakeside Union School District sites. In May 2009, the District received $21,833,149 in proceeds from the sale of Series A bonds. In October 2010, the District received $12,982,209 in proceeds from the sale of Series B bonds. Implementation of Phase I projects began in

2008-09 and continued in 2016-17. Implementation of Phase 2 projects began in 2010-11 and continued in 2016-17. Please note the expenses continued in 2016-17 for Series B bonds were minimal, and used for consultant fees.

In 2016-17, the District re-financed bonds and due to GASB accounting requirements, the proceeds from sale of bonds and all other financing sources were captured in revenues for a total of $19,752,882. The same amount was captured in expenses for principal and interest debt service, and consultant fees for a total of $19,752,882. This results in a zero net balance. As of June 30, 2017, $319,164 was expended on various projects in fiscal year 2016-17. Total expenses include GASB accounting for debt re-financing were $20,072,046. Total bond expenditures beginning 2008-09 through 2016-17 are $66,406,905.

Due to increased enrollment and changing facility needs, the District completed various capital projects, upgrades and repairs. A project to add a new portable classroom began at end of the 2015-16 and was completed in 2016-17. Other projects include the following:

- Restroom facilities added to one campus
- School office remodel to one campus
- Upgrade and remodel, and equipment added to the Network Operations Center
- Replaced lighting on three campuses and HVAC's in portables on two campuses to increase energy efficiency was recorded as a work in progress in 2016-17, as work continued in 2017-18

Capital Assets

The following tables shows the values of capital assets at June 30, 2017 and June 30, 2016:

Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2017 and 2016

	2017	2016	Net Change
Governmental Activities:			
Land	$ 2,600,683	$ 2,600,683	$ -
Work in progress	1,012,935	138,039	874,896
Buildings	33,585,801	34,493,575	(907,774)
Improvements	201,852	221,953	(20,101)
Equipment	2,782,194	2,962,547	(180,353)
Total	$ 40,183,465	$ 40,416,797	$ (233,332)

	2017	2016	Net Change
Business-type Activities:			
Equipment	$ 33,508	$ 35,066	$ (1,558)
Total	$ 33,508	$ 35,066	$ (1,558)

Long Term Debt

The following table show the long term debt at June 30, 2017 and June 30, 2016:

Comparative Schedule of Outstanding Debt
(net of depreciation)
June 30, 2017 and 2016

	2017	2016	Net Change
Governmental Activities:			
General Obligation Bonds	$ 48,852,658	$ 47,044,653	$ 1,808,005
Capital leases	64,198	125,125	(60,927)
Early retirement incentives	486,945	612,321	(125,376)
Net OPEB obligation	4,053,191	3,198,877	854,314
Compensated absences	324,070	443,178	(119,108)
Net pension liability	49,992,847	39,474,646	10,518,201
Total	$ 103,773,909	$ 90,898,800	$ 12,875,109

	2017	2016	Net Change
Business-type Activities:			
Net OPEB obligation	$ 95,245	$ 78,735	$ 16,510
Compensated absences	23,513	27,493	(3,980)
Net pension liability	898,093	664,695	233,398
Total	$ 1,016,851	$ 770,923	$ 245,928

Financial Issues and Economic Factors

The District saw a decline in enrollment and average daily attendance from fiscal year 1999-2000 through 2006-07. Beginning in fiscal year 2007-08 the District experienced a minimal increase in enrollment. The District looked into various strategies to increase student enrollment and ADA and began implementation of an ADA Recovery Program in 2007-08. Schools offer a Saturday School available for all students to participate in educational activities and the school is able to claim ADA for students who are eligible to make-up absences. Average daily attendance, as reported in Period-2 of the current fiscal year has steadily increased since 2007-08. District enrollment has also increased due to programs offered such as foreign language, arts, and dance. Although the District did experience a decline in enrollment by approximately 60 students in 2016-17, enrollment has already increased in 2017-18.

District-wide health care costs have been growing dramatically at an average rate of 8-10% per year. As District health care costs and other expenditures rise, District Management must continue to closely monitor the District's limited financial resources.

GASB 68, Accounting and Financial Reporting for Pensions, was effective in the 2014-2015 fiscal year. The new standard requires the reporting of annual pension cost using an actuarially determined method and a net pension liability is expected to result. The District participates in state employee pension plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Positon as of June 30, 2017. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans have raised the amount that employers must contribute to the plans each year and those increased costs will be significant.

Landmark legislation passed in 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups including those that are low income, English language learners, foster and homeless youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21 but the annual amounts funded to meet the target is uncertain.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact Erin Garcia, Assistant Superintendent of Business Services, or Sherrie Egeskog, Director of Finance at Lakeside Union School District, 12335 Woodside Avenue, Lakeside, CA 92040, or email to segeskog@lsusd.net.

Basic Financial Statements

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	$ 14,992,536	$ 1,001,134	$ 15,993,670
Receivables	1,629,493	364,778	1,994,271
Due From (To) Other Funds	226,152	(138,750)	87,402
Stores	-	161,018	161,018
Prepaid Expenses	5,048	-	5,048
Capital Assets:			-
Land	2,600,683	-	2,600,683
Improvements	927,614	-	927,614
Buildings	50,361,175	-	50,361,175
Equipment	7,640,741	121,408	7,762,149
Work in Progress	1,012,935	-	1,012,935
Less Accumulated Depreciation	(22,359,623)	(87,900)	(22,447,523)
Total Assets	57,036,754	1,421,688	58,458,442
DEFERRED OUTFLOWS OF RESOURCES	13,950,116	392,325	14,342,441
LIABILITIES:			
Accounts Payable	1,961,812	33,954	1,995,766
Unearned Revenue	3,935	-	3,935
Long-Term Liabilities:			
Due Within One Year	2,399,700	23,513	2,423,213
Due in More Than One Year	101,374,209	993,338	102,367,547
Total Liabilities	105,739,656	1,050,805	106,790,461
DEFERRED INFLOWS OF RESOURCES	1,709,325	112,543	1,821,868
NET POSITION:			
Net Investment in Capital Assets	(4,081,533)	33,508	(4,048,025)
Restricted for:			
Capital Projects	1,846,627	-	1,846,627
Debt Service	2,592,352	-	2,592,352
Educational Programs	1,508,408	-	1,508,408
Other Purposes (Expendable)	355,683	617,157	972,840
Other Purposes (Nonexpendable)	90,048	-	90,048
Unrestricted	(38,773,696)	-	(38,773,696)
Total Net Position	$ (36,462,111)	$ 650,665	$ (35,811,446)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	$ 42,853,550	$ 579,328	$ 9,669,895	$ -	$ (32,604,327)	$	$ (32,604,327)
Instruction-Related Services:							
Instructional Supervision and Administration	671,197	-	169,177	-	(502,020)		(502,020)
Instructional Library, Media and Technology	163,647	-	154	-	(163,493)		(163,493)
School Site Administration	4,114,843	2,397	215,493	-	(3,896,953)		(3,896,953)
Pupil Services:							
Home-to-School Transportation	1,649,155	182	1,879	-	(1,647,094)		(1,647,094)
All Other Pupil Services	2,860,437	-	158,533	-	(2,701,904)		(2,701,904)
General Administration:							
Centralized Data Processing	1,359,476	639	7,681	-	(1,351,156)		(1,351,156)
All Other General Administration	4,406,148	708	400,369	-	(4,005,071)		(4,005,071)
Plant Services	4,415,216	22,755	803,083	-	(3,589,378)		(3,589,378)
Community Services	1,596,535	40,629	141,847	-	(1,414,059)		(1,414,059)
Interest on Long-Term Debt	1,857,508	-		-	(1,857,508)		(1,857,508)
Other Outgo	345,966	-	-	-	(345,956)		(345,956)
Business-Type Activities							
Pupil Services:							
Food Services	2,328,248	457,247	1,806,703	-		(64,298)	(64,298)
General Administration:						-	-
All Other General Administration	113,349	-	-	-		(113,349)	(113,349)
Total Expenses	$ 68,735,275	$ 1,103,885	$ 13,374,814	$ -	$ (54,078,919)	$ (177,647)	$ (54,256,566)
General Revenues:							
Taxes and Subventions:							
Taxes Levied for General Purposes					9,819,582	-	9,819,582
Taxes Levied for Debt Service					2,649,850	-	2,649,850
Taxes Levied for Other Specific Purposes					196,926	-	196,926
Federal and State Aid, Not Restricted					32,197,101	-	32,197,101
Interest and Investment Earnings					109,694	12,354	122,048
Interagency Revenues					942,016	-	942,016
Miscellaneous					910,428	-	910,428
Special and Extraordinary Items					8,650	-	8,650
Total General Revenues					$ 46,834,247	$ 12,354	$ 46,846,601
Change in Net Position					(7,244,672)	(165,293)	(7,409,965)
Net Position Beginning-Restated (Note L)					(29,217,439)	815,958	(28,401,481)
Net Position Ending					$ (36,462,111)	$ 650,665	$ (35,811,446)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Child Development Fund
ASSETS:		
Cash in County Treasury	$ 9,194,659	$ 1,148,809
Cash on Hand and in Banks	-	16,609
Cash in Revolving Fund	85,000	-
Accounts Receivable	1,696,242	72,458
Due from Other Funds	372,426	-
Prepaid Expenditures	5,048	-
Total Assets	11,353,375	1,237,876
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 1,544,532	$ 48,254
Due to Other Funds	-	229,718
Unearned Revenue	3,935	-
Total Liabilities	1,548,467	277,972
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	85,000	-
Prepaid Items	5,048	-
Restricted Fund Balances	904,788	956,095
Assigned Fund Balances	215,000	3,809
Unassigned:		
Reserve for Economic Uncertainty	1,605,136	-
Other Unassigned	6,989,936	-
Total Fund Balance	9,804,908	959,904
Total Liabilities and Fund Balances	$ 11,353,375	$ 1,237,876

The accompanying notes are an integral part of this statement.

Building Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
$ 702,823	$ 2,592,352	$ 1,252,284	$ 14,890,927
-	-	-	16,609
-	-	-	85,000
2,231	-	3,701	1,774,632
-	-	-	372,426
-	-	-	5,048
705,054	2,592,352	1,255,985	17,144,642
$ 5,946	$ -	$ -	$ 1,598,732
89	-	3,870	233,677
-	-	-	3,935
6,035	-	3,870	1,836,344
-	-	-	85,000
-	-	-	5,048
699,019	-	1,147,608	3,707,510
-	2,592,352	104,507	2,915,668
-	-	-	1,605,136
-	-	-	6,989,936
699,019	2,592,352	1,252,115	15,308,298
$ 705,054	$ 2,592,352	$ 1,255,985	$ 17,144,642

LAKESIDE UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances, governmental funds:		$ 15,308,298
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets relating to governmental activities, at historical cost:	62,543,148	
Accumulated depreciation:	(22,359,623)	
Net:		40,183,525
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(420,816)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources relating to pensions		9,298,318
Deferred inflows of resources relating to pensions		(1,709,325)
Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		4,651,798
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liaibilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General Obligation Bonds Payable	48,852,658	
Net pension liability	49,992,847	
Capital Leases Payable	64,198	
Net OPEB Obligation	4,053,191	
Compensated Absences Payable	324,070	
Other General Long-Term Debt	486,945	
Total:		(103,773,909)
Net position of governmental activities - Statement of Net Position		$ (36,462,111)

The accompanying notes are an integral part of this statement.

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

	General Fund	Child Development Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 25,753,793	$ -
Education Protection Account Funds	6,122,338	-
Local Sources	7,943,590	-
Federal Revenue	2,995,477	-
Other State Revenue	5,580,591	221,844
Other Local Revenue	5,639,122	1,945,347
Total Revenues	54,034,911	2,167,191
Expenditures:		
Current:		
Instruction	35,233,761	464,856
Instruction - Related Services	4,205,839	115,599
Pupil Services	3,886,630	-
Community Services	16,718	1,451,700
General Administration	4,812,660	8,197
Plant Services	3,963,282	49,494
Other Outgo	-	-
Capital Outlay	1,324,708	-
Debt Service:		
Principal	337	-
Interest	60,590	-
Total Expenditures	53,504,525	2,089,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	530,386	77,345
Other Financing Sources (Uses):		
Proceeds From Sale of Bonds	-	-
Other Sources	3,150	-
Total Other Financing Sources (Uses)	3,150	-
Net Change in Fund Balance	533,536	77,345
Fund Balance, July 1	9,271,372	882,559
Fund Balance, June 30	$ 9,804,908	$ 959,904

The accompanying notes are an integral part of this statement.

Building Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 25,753,793
-	-	-	6,122,338
-	-	-	7,943,590
-	-	-	2,995,477
-	35,691	-	5,838,126
34,470	2,625,832	142,259	10,387,030
34,470	2,661,523	142,259	59,040,354
-	-	-	35,698,617
-	-	-	4,321,438
-	-	-	3,886,630
-	-	-	1,468,418
-	-	-	4,820,857
256,871	-	22,931	4,292,578
350,514	-	-	350,514
62,293	-	385,690	1,772,691
17,350,000	1,295,000	-	18,645,337
2,052,368	864,649	-	2,977,607
20,072,046	2,159,649	408,621	78,234,687
(20,037,576)	501,874	(266,362)	(19,194,333)
17,815,000	-	-	17,815,000
1,937,882	4,548	5,500	1,951,080
19,752,882	4,548	5,500	19,766,080
(284,694)	506,422	(260,862)	571,747
983,713	2,085,930	1,512,977	14,736,551
$ 699,019	$ 2,592,352	$ 1,252,115	$ 15,308,298

LAKESIDE UNION SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total change in fund balances, governmental funds:			$ 571,747
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
	Expenditures for Capital Outlay	1,762,412	
	Depreciation Expense	(1,995,684)	
	Net		(233,272)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			18,645,337
Debt Proceeds: In governmental funds, repayments of long-term debt are reported as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:			(19,757,430)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that is incurred. Unmatured interest owing at the end of the period less matured interest paid during the period but owing from the prior period was:			(1,147,113)
Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:			(7,046,463)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:			119,108
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:			(854,314)
Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:			185,966

Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:

Prepaid debt insurance incurred during the period	4,548	
Prepaid debt insurance amortized for the period	-	4,548

Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is: 2,267,214

Change in net position of governmental activities - Statement of Activities	$ (7,244,672)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2017

	Enterprise Fund
	Cafeteria Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	$ 965,037
Cash on Hand and in Banks	35,997
Cash in Revolving Fund	100
Accounts Receivable	364,778
Store Inventories	161,018
Total Current Assets	1,526,930
Noncurrent Assets:	
Fixed Assets-	
Equipment	121,408
Accumulated Depreciation - Equipment	(87,900)
Total Noncurrent Assets	33,508
Total Assets	1,560,438
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Expenses	392,325
Total Outflows of Resources	$ 392,325
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 33,954
Due to Other Funds	138,750
Total Current Liabilities	172,704
Noncurrent Liabilities:	
Net Pension Liability	898,093
Other Postemployment Benefits	95,245
Compensated Absences Payable	23,513
Total Noncurrent Liablities	1,016,851
Total Liabilities	1,189,555
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	112,543
Total Inflows of Resources	112,543
NET POSITION:	
Unrestricted	650,665
Total Net Position	$ 650,665

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund
	Cafeteria Fund
Operating Revenues:	
Federal Revenue	$ 1,704,925
State Revenue	101,778
Local Revenue	469,601
Total Revenues	2,276,304
Operating Expenses:	
Classified Personnel Salaries	795,395
Employee Benefits	431,084
Books and Supplies	1,051,908
Services and Other Operating Expenses	45,129
Capital Outlay	4,732
Other Outgo	113,349
Total Expenses	2,441,597
Change in Net Position	(165,293)
Total Net Position - Beginning	815,958
Total Net Position - Ending	$ 650,665

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund
	Cafeteria Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 457,247
Cash Received from Grants	1,661,368
Cash Payments to Employees for Services	(1,226,122)
Cash Payments to Other Suppliers for Goods and Services	(1,378,079)
Net Cash Provided (Used) by Operating Activities	(485,586)
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	12,354
Purchase of Equipment	-
Net Cash Provided (Used) for Investing Activities	12,354
Net Increase (Decrease) in Cash and Cash Equivalents	(473,232)
Cash and Cash Equivalents at Beginning of Year	1,474,366
Cash and Cash Equivalents at End of Year	$ 1,001,134
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ (165,293)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	4,732
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(145,334)
Decrease (Increase) in Inventories	(65,777)
Decrease (Increase) in Prepaid Expenses	435
Decrease (Increase) in Due From Other Funds	3,407
Decrease (Increase) in Equipment	(3,174)
Decrease (Increase) in Deferred Outflows of Resources	(138,107)
Increase (Decrease) in Accounts Payable	(63,606)
Increase (Decrease) in Compensated Absences	(3,980)
Increase (Decrease) in Due to Other Funds	(95,663)
Increase (Decrease) in Net OPEB Obligation	16,510
Increase (Decrease) in Net Pension Liability	233,398
Increase (Decrease) in Deferred Inflows of Resources	(50,780)
Total Adjustments	(307,939)
Net Cash Provided (Used) by Operating Activities	$ (473,232)

The accompanying notes are an integral part of this statement.

LAKESIDE UNION SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 55,080
Total Assets	55,080
LIABILITIES:	
Due to Student Groups	$ 55,080
Total Liabilities	55,080
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Component Units

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

3. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Child Development Fund. This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Building Fund. This fund is used to account for the acquisition of capital assets relating to the bond issuance.

Bond Interest and Redemption Fund. This fund is used for the repayment of bonds issued for an LEA (Education Code sections 15125–15262).

The District reports the following major enterprise funds:

Cafeteria Enterprise Fund. The District has elected to account for the cafeteria program in the enterprise fund as it is the governing boards intent to operate the cafeteria program in a manner similar to that employed by private business enterprises and to fully recover all costs of providing serices, including depreciation of caital assets and pension costs for employees working in the program.

In addition, the District reports the following fund types:

Special Revenue Funds. Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities.

Capital Project Funds. Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

4. Encumbrances

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

5. Budgets and Budgetary Accounting

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

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

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

6. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

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

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

f. Unearned Revenue

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

g. Interfund Activity

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

h. Property Taxes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

i. Minimum Fund Balance

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce the service levels because of temporary revenue shortfalls or unpredicted expenses. The District minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts equal to 3% of general fund operating expenses and other financing uses. If the fund balance drops below 3%, it shall be recovered at a rate of 1% minimally, each year.

7. Deferred Inflows and Deferred Outflows of Resources

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

8. GASB 54 Fund Presentation

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

9. Pensions

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

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

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

10. Use of Estimates

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

11. 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.

12. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2017. Those newly implemented pronouncements are as follows:

GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No 50, Pension Disclosures.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution - administered through trusts that meet the following criteria:

1. Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

2. OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

3. OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosures.

GASB Statement No. 77 - Tax Abatement Disclosures

The objective of this Statement is to improve usefulness of information about tax abatement agreements entered into by governmental agencies. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

This Statement requires governments that enter into tax abatement agreements to disclose the following:

1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.

2. The gross dollar amount of taxes abated during the period.

3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has not entered into any tax abatement agreements. As a result, the adoption of GASB Statement No. 77 did not result in a change to the financial statements or note disclosures.

GASB Statement No. 80 - Blending Requirements for Certain Component Units

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

GASB Statement No. 82 - Pension Issues - An Amendment of GASB No. 67, No. 68 and No. 73

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The financial statements and note disclosures have been updated for the effects of the adoption of GASB Statement No. 82.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

Violation	Action Taken
None reported	Not applicable

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

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

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($15,855,964 as of June 30, 2017). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $15,855,964. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

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

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

Cash balances on hand and in banks ($107,686 as of June 30, 2017) and in the revolving fund ($85,100) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

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

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

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

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

D. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of intergovernmental grants, entitlements, interest and other local sources as follows:

	Major Governmental Funds				
	General Fund	Child Development Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal Government:					
Federal Programs	$ 147,331	$ -	$ -	$ -	$ 147,331
State Government:					
Lottery	468,313	-	-	-	468,313
Other State Programs	-	68,012	-	-	68,012
Local Sources:					
Interest	29,816	3,473	2,231	3,701	39,221
Charter School Oversight	784,584	-	-	-	784,584
Special Education	37,286	-	-	-	37,286
Other Local Sources	228,912	973	-	-	229,885
Total	$ 1,696,242	$ 72,458	$ 2,231	$ 3,701	$ 1,774,632

	Enterprise Fund
	Cafeteria Fund
Federal Government:	
Child Nutrition Program	$ 313,275
State Government:	
Child Nutrition Program	17,777
Local Sources:	
Interest	3,397
Other Local Sources	30,329
Total	$ 364,778

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

E. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,600,683	$ -	$ -	$ 2,600,683
Work in progress	138,039	1,012,935	138,039	1,012,935
Total capital assets not being depreciated	2,738,722	1,012,935	138,039	3,613,618
Capital assets being depreciated:				
Buildings	49,792,389	568,726	-	50,361,115
Improvements	927,614	-	-	927,614
Equipment	7,321,951	318,790	-	7,640,741
Total capital assets being depreciated	58,041,954	887,516	-	58,929,470
Less accumulated depreciation for:				
Buildings	(15,298,874)	(1,476,440)	-	(16,775,314)
Improvements	(705,661)	(20,101)	-	(725,762)
Equipment	(4,359,404)	(499,143)	-	(4,858,547)
Total accumulated depreciation	(20,363,939)	(1,995,684)	-	(22,359,623)
Total capital assets being depreciated, net	37,678,015	(1,108,168)	-	36,569,847
Governmental activities capital assets, net	$ 40,416,737	$ (95,233)	$ 138,039	$ 40,183,465

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Equipment	121,408	-	-	121,408
Total capital assets being depreciated	121,408	-	-	121,408
Less accumulated depreciation for:				
Equipment	(83,168)	(4,732)	-	(87,900)
Total accumulated depreciation	(83,168)	(4,732)	-	(87,900)
Total capital assets being depreciated, net	38,240	(4,732)	-	33,508
Business-type activities capital assets, net	$ 38,240	$ (4,732)	$ -	$ 33,508

Depreciation was charged to functions as follows:

	Governmental Activities	Business Type Activities
Instruction	$ 1,883,748	$ -
Pupil Services	18,127	4,732
Community Services	1,515	
General Administration	88,816	-
Plant Services	3,478	-
	$ 1,995,684	$ 4,732

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at Lakeside Union School District, 2016, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Child Development Fund	$ 229,718	Child care costs and deposit adj.
General Fund	Nonmajor Govt. Funds	3,870	Developer fees
General Fund	Building Fund	89	OPEB
General Fund	Cafeteria Enterprise Fund	138,749	OPEB & food service
	Total	$ 372,426	

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

G. Accounts Payable

Accounts payable at June 30, 2017 consisted of:

	Major Governmental Funds				Enterprise Fund
	General Fund	Child Development Fund	Building Fund	Total Governmental Funds	Cafeteria Fund
Vendor payables	$ 546,613	$ 9,847	$ 5,876	$ 562,336	$ 19,333
Pension related liabilities	390,248	10,042	70	400,360	8,182
Other	355,263	-	-	355,263	-
Payroll and related liabilities	252,408	28,365	-	280,773	6,439
Total	$ 1,544,532	$ 48,254	$ 5,946	$ 1,598,732	33,954

H. Unearned Revenue

Uneraned Revenue balances as of June 30, 2017 consists of:

	General Fund
Federal Government:	
Categorical programs	$ 3,935

I. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

J. Deferred Outflows of Resources

On June 9, 2015 the District issued refunding bonds which partially refunded the 2008 Series B Bonds. The bond issuance resulted in a refunding loss of $3,041,488 which is recorded as a deferred outflow of resources and amortized over the life of the bond.

In addition, GASB Statement No. 68 & 71 define certain items that are recorded as deferred outflows of resources as related to pensions. Additional information on the deferred outflows of resources related to pensions is available at Note N.

A summary of the deferred outflows of resources as of June 30, 2017 are as follows:

Description	Issue Date	Balance July 1, 2016	Additions	Current Year Amortization	Balance June 30, 2017
Refunding Loss-Govt.	06/09/2015	$ 2,896,660	$ 1,899,966	$ 144,828	$ 4,651,798
Pension Related - Govt.	Varies	6,356,499	7,861,251	4,919,432	9,298,318
Total Govt.		9,253,159	9,761,217	5,064,260	13,950,116
Pension Related - Bus. Type	Varies	254,218	291,716	153,609	392,325
Total Deferred Outflows of Resources		$ 9,507,377	$ 10,052,933	$ 5,217,869	$ 14,342,441

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30	Governmental Activities Pension Related	Business Type Activities Pension Related	Total
2018	$ 5,411,119	$ 174,458	$ 5,585,577
2019	1,544,171	88,371	1,632,542
2020	1,544,172	88,374	1,632,546
2021	798,856	41,122	839,978
Total	$ 9,298,318	$ 392,325	$ 9,690,643

K. Deferred Inflows of Resources

GASB Statement No. 68 & 71 define certain items that are recorded as deferred inflows of resources as related to pensions. Additional information on the deferred outflows of resources related to pensions is available at Note N.

A summary of the deferred inflows of resources as of June 30, 2017 are as follows:

Description	Issue Date	Balance July 1, 2016	Additions	Current Year Amortization	Balance June 30, 2017
Pension Related - Govt.	Varies	$ 2,319,448	$ 141,130	$ 751,253	$ 1,709,325
Pension Related - Bus. Type	Varies	163,323	-	50,780	112,543
Total Deferred Outflows of Resources		$ 2,482,771	$ 141,130	$ 802,033	$ 1,821,868

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30	Governmental Activities Pension Related	Business Type Activities Pension Related	Total
2018	$ 751,253	$ 50,780	$ 802,033
2019	751,252	50,779	802,031
2020	178,594	10,984	189,578
2021	28,226	-	28,226
Total	$ 1,709,325	$ 112,543	$ 1,821,868

L. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2017 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 47,044,653	$ 20,965,081	$ 19,157,076	$ 48,852,658	$ 1,914,035
Capital leases	125,125	-	60,927	64,198	36,219
Early Retirement Incentive	612,321	-	125,376	486,945	125,376
Net OPEB obligation	3,198,877	854,314	-	4,053,191	-
Compensated absences *	443,179	-	119,109	324,070	324,070
Net pension liability	39,394,442	10,598,405	-	49,992,847	-
Total governmental activities	$ 90,818,597	$ 32,417,800	$ 19,462,488	$ 103,773,909	$ 2,399,700
Business-type activities:					
Net OPEB obligation	$ 78,735	$ 16,510	$ -	$ 95,245	$ -
Net pension liability	664,695	233,398	-	898,093	-
Compensated absences *	27,493	-	3,980	23,513	23,513
Total business-type activities	$ 770,923	$ 249,908	$ 3,980	$ 1,016,851	$ 23,513

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Compensated absences	Business-type	Cafeteria

2. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2017, as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 36,219	$ -	$ 36,219
2019	21,108	-	21,108
2020	6,871	-	6,871
Totals	$ 64,198	$ -	$ 64,198

3. General Obligation Bonds

General obligation bonds at June 30, 2017 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2008 Election Series A	05/07/2009	3.00-6.03%	08/01/2033	$ 21,833,149
2008 Election Series B	10/07/2010	6.14-6.49%	08/01/2050	12,982,209
2014 Election Series A	04/07/2015	0.0%	08/01/2018	2,900,000
2015 Refunding Bonds	06/09/2015	2.00-4.00%	08/01/2035	6,185,000
2016 Refunding Bonds	11/02/2016	2.00-4.00%	08/01/2033	17,815,000
Total GO Bonds				$ 61,715,358

	Beginning Balance	Increases	Decreases	Ending Balance
2008 Election Series A	$ 21,033,149	$ -	$ 17,695,000	$ 3,338,149
2008-A Bond Premium	609,678	-	512,917	96,761
2008-A Accreted Interest	1,178,034	240,513	-	1,418,547
2008 Election Series B	10,690,031	-	-	10,690,031
2008-B Bond Premium	278,929	-	-	278,929
2008-B Accreted Interest	4,250,185	971,686	-	5,221,871
2014 Election Series A	2,900,000	-	885,000	2,015,000
2015 Refunding Bonds	6,185,000	-	65,000	6,120,000
2015 Discount	(80,353)	-	(841)	(79,512)
2016 Refunding Bonds	-	17,815,000	-	17,815,000
2016 Premium	-	1,937,882	-	1,937,882
Total GO Bonds	$ 47,044,653	$ 20,965,081	$ 19,157,076	$ 48,852,658

The annual requirements to amortize the bonds outstanding at June 30, 2017 are as follows:

Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2018	$ 1,864,000	$ -	$ 990,268	$ 2,854,268
2019	1,651,000	-	951,716	2,602,716
2020	685,000	-	919,456	1,604,456
2021	550,000	-	895,306	1,445,306
2022	660,000	-	869,556	1,529,556
2023-2027	3,765,686	2,749,314	3,911,755	10,426,755
2028-2032	11,627,463	1,187,537	2,812,785	15,627,785
2033-2037	11,093,266	9,201,734	355,150	20,650,150
2038-2042	3,490,436	18,714,997	-	22,205,433
2043-2047	2,080,991	15,745,828	-	17,826,819
2048-2052	2,510,338	26,577,351	-	29,087,689
Totals	$ 39,978,180	$ 74,176,761	$ 11,705,992	$ 125,860,933

Accreted interest represented in the table is inclusive of amounts that have accrued as of June 30, 2017. Accreted interest represented in the repayment schedule is inclusive of all amounts that will be repaid.

4. Bond Premium & Discount

Bond premium arises when the market rate of interest is higher 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.

Bond discount arises when the market rate of interest is lower than the stated interest rate on the bond**.** Generally Accepted Accounting Principles (GAAP) requires that the discount decrease the face value of the bond and then amortize the discount over the life of the bond.

Premiums and discounts are amortized over the life of the debt using the straight line 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
Total Interest Payments on Bond	$ 23,929,697	$ 79,073,622	$ 3,328,219	$ 8,717,336
Bond (Premium)/Discount	(846,769)	(338,737)	80,353	(1,937,882)
Net Interest Payments	23,082,928	78,734,885	3,408,572	6,779,454
Par amount of Bonds	$ 21,833,149	$ 12,982,209	$ 6,185,000	$ 17,815,000
Periods	21	38	20	15
Effective Interest Rate	5.034%	15.960%	2.756%	2.537%

5. Early Retirement Incentives

On June 20, 2009 the district offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by four employees. The district elected to defer payments on the service credits over an eight year period at a fixed interest rate of 5%. The district incurred a one time administrative fee of $360 for each employee (total of $1,440). Total principal incurred for the service credits was $155,564.

On June 20, 2012 the district offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by two employees. The district elected to defer payments on the service credits over an eight year period at a fixed interest rate of 5%. The district incurred a one time administrative fee of $360 for each employee (total of $720). Total principal incurred for the service credits was $89,648.

On June 20, 2015 the district offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by twelve employees. The district elected to defer payments on the service credits over an eight year period at a fixed interest rate of 5%. The district incurred a one time administrative fee of $360 for each employee (total of $4,320). Total principal incurred for the service credits was $573,762.

Early retirement incentives can be summarized as follows:

	Original Amount	Beginning Balance	Increases	Decreases	Ending Balance
2009 Cal STRS	$ 155,564	$ 19,445	$ -	$ 19,445	$ -
2012 Cal STRS	89,648	44,824	-	11,206	33,618
2015 STRS Option III	573,762	502,042	-	71,720	430,322
2015 STRS Option II	69,015	46,010	-	23,005	23,005
Total	$ 887,989	$ 612,321	$ -	$ 125,376	$ 486,945

Future repayments on early retirement incentives are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	$ 105,931	$ 34,795	$ 140,726
2019	82,926	28,846	111,772
2020	82,926	22,356	105,282
2021	71,720	16,137	87,857
2022	71,720	8,069	79,789
2023-2027	71,722	8,069	79,791
Totals	$ 486,945	$ 118,272	$ 605,217

4. Compensated Absences

Total District's governmental funds unpaid employee compensated absences as of June 30, 2017 amounted to $324,070. This amount is included as part of long-term liabilities in the government-wide financial statements.

Total District's business type activities unpaid employee compensated absences as of June 30, 2017 amounted to $23,513. This amount is included as part of long-term liabilities in the government-wide financial statements.

5. Net Pension Liability

The District's governmental funds beginning net pension liability was $39,394,442 and increased by $10,598,405 during the year ended June 30, 2017. The ending net pension liability for the governmental funds at June 30, 2017 was $49,992,847. See Note N for additional information regarding the net pension liability

The District's business type activities beginning net pension liability was $664,695 and increased by $233,398 during the year ended June 30, 2017. The ending net pension liability for the business type activities at June 30, 2017 was $898,093. See Note N for additional information regarding the net pension liability.

6. Net OPEB Liability

The District's governmental funds beginning net OPEB obligation was $3,198,877 and increased during the year ended June 30, 2017 by $854,314. The ending net OPEB liability for the governmental funds at June 30, 2017 was $4,053,191. See Note O for additional information regarding the net pension liability.

The District's business type activities beginning net OPEB obligation was $78,735 and increased during the year ended June 30, 2017 by $16,510. The ending net OPEB liability for the business type activities at June 30, 2017 was $95,245. See Note O for additional information regarding the net pension liability.

M. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreements (JPAs) entity, the San Diego County Schools Risk Management (SDCSRM) and the Fringe Benefits Consortium (FBC). The relationship between the District and the JPAs is such that the JPAs are not a component unit of the District.

The JPAs arranges for and provides for various types of insurances for its member districts as requested. The JPAs are governed by a board consisting of a representative from each member district. The board controls the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs. Combined condensed unaudited financial information of the District's share of the JPAs for the year ended June 30, 2017 is as follows:

	Workers Compensation Fund	Property & Liability Fund	Miscellaneous Property Fund	Total SDCSRM
Total Assets and Deferred Outflows of Resources	$ 1,865,831	$ 17,841	$ 5,929	$ 1,889,601
Total Liabilities and Deferred Inflows of Resources	403,188	100,984	467	504,639
Total Net Position	$ 1,462,643	$ (83,143)	$ 5,462	$ 1,384,962
Total Cash Receipts	$ 475,633	$ 275,004	$ 7,025	$ 757,662
Total Cash Disbursements	308,669	142,451	9,183	460,303
Net Change in Net Position	$ 166,964	$ 132,553	$ (2,158)	$ 297,359

The District had a deficit in their property & liability fund with the JPA as of year end. The District is currently negotiating an arrangement with the JPA to repay the deficit. As of June 30, 2017 terms of the repayment have not yet been agreed upon.

	Dental Fund	Health & Welfare Fund	Vision Fund	Total SDCSRM
Total Assets and Deferred Outflows of Resources	$ 360,598	$ N/A	$ 14,560	$ 375,158
Total Liabilities and Deferred Inflows of Resources	106,814	N/A	1,797	108,611
Total Net Position	$ 253,784	$ N/A	$ 12,763	$ 266,547
Total Cash Receipts	$ 372,035	$ N/A	$ 4,959	$ 376,994
Total Cash Disbursements	390,954	N/A	4,539	395,493
Net Change in Net Position	$ (18,919)	$ N/A	$ 420	$ (18,499)

N/A- The District does not participate in the Health & Welfare program of the JPA.

N. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2017 are summarized as follows:

	CalSTRS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%*	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2017)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2017)	12.580%	12.580%
Required State Contribution Rates (at June 30, 2017)	7.050%	7.050%

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

	CalPERS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	55-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%*	1.0- 2.5%*
Required Employee Contribution Rates (at June 30, 2017)	7.000%	6.000%
Required Employer Contribution Rates (at June 30, 2017)	13.888%	13.888%

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

c. Contributions

CalSTRS

For the measurement period ended June 30, 2016 (measurement date), Section 22950 of the California Education code requires members to contribute monthly to the system 9.20% (if hired prior to January 1, 2013) or 8.56% (if hired on or after January 1, 2013) of the creditable compensation upon which members' contributions under this part are based (rates increased to 10.25% and 9.205% for fiscal year ended June 30, 2017). In addition the employer required rates established by the CalSTRS Board have been established at 10.73% of creditable compensation for the measurement period ended June 30, 2016 and 12.58% for the fiscal year ended June 30, 2017. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability**.** The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 (measurement date), the average active employee contribution rate is 6.974% of annual pay, and the employer's contribution rate is 11.847% of annual payroll. For the fiscal year ending June 30, 2017, the average active employee contribution rate is 6.974%, and the employer's contribution rate is 13.888%.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2016 (measurement date) the State contributed 6.710% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contribution reported each fiscal year are based on the contribution rate multiplied by salaries creditable to CalSTRS from the fiscal year two periods prior to the measurement period.

On Behalf Payments reported by the District for the past three fiscal years are as follows:

Year Ended June 30,	Contribution Rate	Contribution Amount
2015	5.679%	$ 2,142,795
2016	7.126%	2,787,031
2017	6.710%	2,800,000

d. Contributions Recognized

For the measurement period ended June 30, 2016 (fiscal year June 30, 2017), the contributions recognized for each plan were:

	Governmental Actiovities		Business Type Activities		
	CalSTRS	CalPERS	CalSTRS	CalPERS	Total
Contributions - Employer	$ 2,510,033	$ 865,229	$ N/A	$ 65,237	$ 3,440,499
Contributions - State	1,768,244	-	N/A	-	1,768,244
Total Contributions	$ 4,278,277	$ 865,229	$ N/A	$ 65,237	$ 5,208,743

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Governmental Activities Proportionate Share of Net Pension Liability	Business Type Activities Proportionate Share of Net Pension Liability
CalSTRS	$ 30,081,551	$ -
CalPERS	11,911,296	898,093
Total Net Pension Liability	$ 41,992,847	$ 898,093

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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 each Plan as of June 30, 2016 and June 30,2017 were as follows:

	CalSTRS				
	District's Proportionate Share		State's Proportionate Share		Total for District Employees
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities	
June 30, 2016	0.0451%	N/A	0.0248%	N/A	0.0699%
June 30, 2017	0.0471%	N/A	0.0258%	N/A	0.0729%
Change in Proportion	0.0020%	N/A	0.0010%	N/A	0.0030%

	CalPERS		
	District's Proportionate Share		Total for District Employees
	Governmental Activities	Business Type Activities	
June 30, 2016	0.0613%	0.0045%	0.0658%
June 30, 2017	0.0603%	0.0045%	0.0648%
Change in Proportion	-0.0010%	-	-0.0010%

a. Pension Expense

For the measurement period ended June 30, 2016 (fiscal year June 30, 2017), pension expense was recognized as follows:

	Governmental Activities		Business Type Activities		
	CalSTRS	CalPERS	CalSTRS	CalPERS	Total
Change in Net Pension Liability	$ 7,716,737	$ 2,881,668	$ N/A	$ 233,398	$ 10,831,803
Increases/(Decreases) Resulting From Changes In Deferred Outflows & Deferred Inflows for:					
Contributions State On Behalf Payments	1,768,244	-	N/A	-	1,768,244
Contributions Made Subsequent to Measurement Date	(284,666)	(207,020)	N/A	(20,850)	(512,536)
Difference Between Actual & Expected Experience	(1,376)	(54,241)	N/A	(4,337)	(59,954)
Change in Assumptions	-	(149,224)	N/A	(10,985)	(160,209)
Change in Proportionate Shares	(893,065)	172,409	N/A	5,270	(715,386)
Net Difference Between Projected & Actual Earnings	(4,603)	(2,130,156)	N/A	(157,985)	(2,292,744)
Total Pension Expense	$ 8,301,271	$ 513,436	$ N/A	$ 44,511	$ 8,859,218

b. Deferred Outflows and Inflows of Resources

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	CalSTRS	CalPERS	CalSTRS	CalPERS
Pension contributions subsequent to measurement date	$ 2,794,699	$ 1,072,249	$ -	$ -
Differences between actual & expected experience	-	609,447	(6,969)	-
Changes in assumptions	-	-	-	(447,670)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	1,588,045	181,585	-	(111,880)
Net difference between projected and actual experience on plan inventsments	10,520	3,041,773	-	(1,142,806)
Total	$ 4,393,264	$ 4,905,054	$ (6,969)	$ (1,702,356)

	Business Type Activities			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	CalSTRS	CalPERS	CalSTRS	CalPERS
Pension contributions subsequent to measurement date	$ N/A	$ 86,087	$ N/A	$ -
Differences between actual & expected experience	N/A	45,207	N/A	-
Changes in assumptions	N/A	-	N/A	(32,954)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	N/A	33,672	N/A	-
Net difference between projected and actual experience on plan inventsments	N/A	227,359	-	(79,589)
Total	$ N/A	$ 382,325	$ N/A	$ (112,543)

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, 2018. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2018	$ 3,238,147	$ 2,172,972	$ (2,657)	$ (748,596)	$ 4,659,866
2019	443,448	1,100,723	(2,656)	(748,596)	792,919
2020	443,449	1,100,723	(1,400)	(177,194)	1,365,578
2021	268,220	530,636	(256)	(27,970)	770,630
Total	$ 4,393,264	$ 4,905,054	$ (6,969)	$ (1,702,356)	$ 7,588,993

	Business Type Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2018	$ N/A	$ 174,458	$ N/A	$ (50,780)	$ 123,678
2019	N/A	88,371	N/A	(50,779)	37,592
2020	N/A	88,374	N/A	(10,984)	77,390
2021	N/A	41,122	N/A	-	41,122
Total	$ N/A	$ 392,325	$ N/A	$ (112,543)	$ 279,782

c. Actuarial Assumptions

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

	CalSTRS		CalPERS	
Valuation Date	June 30, 2015		June 30, 2015	
Measurement Date	June 30, 2016		June 30, 2016	
Actuarial Cost Method	Entry Age - Normal Cost Method for both CalSTRS & CalPERS			
Actuarial Assumptions:				
Discount Rate	7.60%		7.65%	
Inflation	3.0%		2.75%	
Payroll Growth	3.75%		3.00%	
Projected Salary Increase	0.05%-5.6%	(1)	3.20%-10.80%	(1)
Investment Rate of Return	7.60%	(2)	7.65%	(2)
Mortality	.013%-0.435%	(3)	0.00125-0.45905	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Industry standard published by the Society of Actuaries

d. Discount Rate

The discount rate used to measure the total pension liability was 7.60% for CalSTRS and 7.65% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

The CalPERS discount rate was increased from 7.50% in 2015 to correct for an adjustment to exclude administrative expenses. There have been no other changes to discount rate for either CalPERS or CalSTRS.

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

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

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

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

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

CalSTRS

Asset Class	Assumed Allocation 06/30/2016	Long Term Expected Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

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

CalPERS

Asset Class	Assumed Allocation 06/30/2016	Real Return Years 1-10(1)	Real Return Years 11+(2)
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	20.00%	0.99%	2.43%
Inflation Assets	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

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

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

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

	Governmental Activities		Business Type Activities	
	CalSTRS	CalPERS	CalSTRS	CalPERS
1% Decrease	6.60%	6.65%	6.60%	6.65%
Net Pension Liability	$ 54,807,937	$ 17,771,718	$ N/A	$ 1,339,961
Current Discount Rate	7.60%	7.65%	7.60%	7.65%
Net Pension Liability	$ 30,081,551	$ 11,911,296	$ N/A	$ 898,093
1% Increase	8.60%	8.65%	8.60%	8.65%
Net Pension Liability	$ 24,189,583	$ 7,031,339	$ N/A	$ 530,153

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

CalSTRS-Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2016 (Previously Reported)	$ 181,149,886	$ 134,088,742	$ 47,061,144	$ 16,696,330	$ 30,364,814
Changes for the year:					
Change in Proportionate share	7,724,482	5,717,729	2,006,753	673,239	1,333,514
Service Cost	4,281,166	-	4,281,166	1,515,492	2,765,674
Interest	14,089,802	-	14,089,802	4,987,656	9,102,146
Differences between expected and actual experience	(881,159)	-	(881,159)	(311,922)	(569,237)
Contributions:					
Employer	-	2,471,578	(2,471,578)	(874,915)	(1,596,663)
Employee	-	2,155,504	(2,155,504)	(763,028)	(1,392,476)
State On Behalf Payments	-	1,413,865	(1,413,865)	(500,495)	(913,370)
Net Investment Income	-	1,679,930	(1,679,930)	(594,679)	(1,085,251)
Other Income	-	30,260	(30,260)	(10,712)	(19,548)
Benefit Payments, including refunds of employee contributions	(9,583,105)	(9,583,105)	-	-	-
Administrative expenses	-	(131,231)	131,231	46,454	84,777
Other Expenses	-	(11,101)	11,101	3,930	7,171
Net Changes	15,631,186	3,743,429	11,887,757	4,171,020	7,716,737
Balance at June 30, 2017	$ 196,781,072	$ 137,832,171	$ 58,948,901	$ 20,867,350	$ 38,081,551

CalSTRS - Business Type Activities

CalSTRS is not applicable for the Buiness Type Activities

CalPERS-Governmental Activities

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016 (Previously Reported)	$ 43,892,742	$ 34,863,114	$ 9,029,628
Changes for the year:			
Adjustment for Change in Proportionate Share	(679,808)	(539,958)	(139,850)
Service Cost	1,035,331	-	1,035,331
Interest	3,282,030	-	3,282,030
Differences between expected and actual experience	241,303	-	241,303
Changes in Assumptions	-	-	-
Contributions - Employer	-	865,229	(865,229)
Contributions - Employee	-	513,320	(513,320)
Net Plan to Plan Resource Movement	-	6	(6)
Net Investment Income	-	179,431	(179,431)
Benefit Payments, including refunds of employee contributions	(2,139,103)	(2,139,103)	-
Administrative expenses	-	(20,840)	20,840
Net Changes	1,739,753	(1,141,915)	2,881,668
Balance at June 30, 2017	$ 45,632,495	$ 33,721,199	$ 11,911,296

CalPERS-Business Type Activities

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, San Diego (Previously Reported)	$ 3,231,060	$ 2,566,365	$ 664,695
Changes for the year:			
Adjustment for Change in Proportionate Share	27,132	21,551	5,581
Service Cost	78,062	-	78,062
Interest	247,460	-	247,460
Differences between expected and actual experience	18,194	-	18,194
Changes in Assumptions	-	-	-
Contributions - Employer	-	65,237	(65,237)
Contributions - Employee	-	38,704	(38,704)
Net Investment Income	-	13,529	(13,529)
Benefit Payments, including refunds of employee contributions	(161,285)	(161,285)	-
Administrative expenses	-	(1,571)	1,571
Net Changes	209,563	(23,835)	233,398
Balance at June 30,	$ 3,440,623	$ 2,542,530	$ 898,093

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

O. Postemployment Benefits Other Than Pension Benefits

The District currently provides retiree health benefits to 92 retired employees. In addition, 412 active employees are earning service credits towards eligibility for future retiree health benefits. To be eligible for retiree health benefits, an employee must retire from PERS/STRS on or after age 55 with at least 10 years of District eligible service (15 years of service for Certificated employees). The District's financial obligation is to provide 100% of the cost for retiree-only medical premium (and dental premium for Classified employees) to the retirees' attainment of age 65**.** Some current retirees are eligible for lifetime benefits.

Benefit Plan Provisions

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

Certificated Employees

The District provides retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. Eligibility for retiree medical benefits requires retirement under STRS on or after age 55 with at least 15 years of District eligible service.

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

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.

Management Employees

The District provides retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. There are some management employees with lifetime medical coverage and/or some life insurance coverage. Eligibility for retiree medical benefits requires retirement under STRS/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 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.

Annual Required Contribution

The District's annual required contribution (accrual expense) for the 2016-17 fiscal year is $1,554,201. The $1,554,201 is comprised of the present value of benefits accruing in the fiscal year (normal cost with interest) plus a 26-year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability. Thus, it represents a means to expense the plan's liabilities in an orderly manner. The increase in the net OPEB obligation at the end of the fiscal year will reflect any actual contributions made by the District during the period for retiree health benefits including any pre-funding amounts. The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2017, the amount actually contributed to the plan, and charges in the District's net OPEB obligation to the plan:

	Governmental	Business Type	Total
Annual Required Contribution (ARC)	$ 1,524,734	$ 29,467	$ 1,554,201
Interest on Net OPEB Obligation	128,618	2,485	131,103
Adjustment to ARC	(226,914)	(4,385)	(231,299)
Annual OPEB Cost	1,426,438	27,567	1,454,005
Employer Contributions	(572,126)	(11,057)	(583,183)
Increase in Net OPEB Obligation	854,312	16,510	870,822
Net OPEB Obligation, Beginning of Year	3,215,470	62,142	3,277,612
Net OPEB Obligation, End of Year	$ 4,069,782	$ 78,652	$ 4,148,434

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2015, 2016 and 2017 are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2015	$ 963,754	43.38%	$ 2,825,782
2016	963,754	53.12%	3,277,612
2017	1,454,005	40.11%	4,148,434

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

P. Adjustment to Beginning Net Position

With the implementation of GASB Statement No 68 & 71 the District relied upon information provided by CalSTRS and CalPERS in order to calculate their proportion of the net pension liability, deferred outflows of resources - pension related, and deferred inflows of resources - pension related. Proportionate share was determined based on the calculated proportionate share provided by CalSTRS and CalPERS. During the current year the district calculated proportionate share by taking contributions to the CalSTRS and CalPERS plans and dividing by plan total contributions. The result was a small change to proportionate share based on rounding variances in the proportionate share. Additionally, CalSTRS auditors made audit adjustments to CalSTRS records which affected beginning net position for the District and is also being adjusted.

Beginning net position was adjusted as follows:

	Governmental Activities
Net Position, Beginning (As Originally Stated)	$ (29,451,705)
Adjustments for:	
Net Pension Liability Corrections	80,203
Deferred Outflows of Resources - Pension Related Corrections	147,930
Deferred Inflows of Resources - Pension Related Corrections	6,133
Net Position, Beginning (As Restated)	$ (29,217,439)

Q. Components of Ending Fund Balance

As of June 30, 2017 ending fund balance consisted of the following:

	Major Governmental Funds				
	General Fund	Child Development Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds
Nonspendable Fund Balances					
Revolving Cash	$ 85,000	$ -	$ -	$ -	$ -
Prepaid Expense	5,048	-	-	-	-
Total Nonspendable	90,048	-	-	-	-
Restricted Fund Balances					
Capital Projects	-	-	699,019	-	1,147,608
Medi-Cal	292,386	-	-	-	-
Educational Programs	549,105	-	-	-	-
Mental Health Services	-	-	-	-	-
Child Development Program	-	956,095	-	-	-
Other Restricted	63,297	-	-	-	-
Total Restricted	904,788	956,095	699,019	-	1,147,608
Assigned Fund Balances					
Capital Projects	-	-	-	-	16,144
Child Development Program	-	3,808	-	-	-
Debt Service	-	-	-	2,592,352	-
Pupil Transportation	-	-	-	-	31,417
OPEB Obligation	56,717	-	-	-	-
Deferred Maintenance	215,000	-	-	-	-
Other Assignments	232	-	-		-
Total Assigned	271,949	3,808	-	2,592,352	47,561
Unassigned Fund Balances					
For Economic Uncertainty	1,605,136	-	-	-	-
Other Unassigned	6,989,936	-	-	-	-
Total Unassigned	8,595,072	-	-	-	-
Total Fund Balance	$ 9,861,857	$ 959,903	$ 699,019	$ 2,592,352	$ 1,195,169

R. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

S. Construction Commitments

As of June 30, 2017 the District had the following commitments with respect to unfinished capital projects:

		Commitment	*Expected Date of Final Completion
Construction in Process:			
Proposition 39 projects to replace lighting, HVAC, & increase energy efficiency	$	1,012,935	August 2017

*Expected date of final completion subject to change

T. Subsequent Events

Implementation of New Accounting Guidance

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

GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

Financial impact of implementing GASB Statement No. 75 has not yet been determined; however, it is expected that the Net OPEB Obligation will significantly increase. The District is currently in contact with an actuary to determine the complete fiscal impact.

GASB Statement No. 81 - Irrevocable Split-Interest Agreements

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts --- or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements --- in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

As of the date this audit report is issued, the District does not have any split interest agreements. Consequently, implementation of GASB No 81 is not expected to have a financial or reporting impact on the District.

GASB Statement No. 85 - Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). Specifically, this Statement addresses the following topics:

1. Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.

2. Reporting amounts previously reported as goodwill and “negative” goodwill

3. Classifying real estate held by insurance entities

4. Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.

5. Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.

6. Recognizing on-behalf payments for pensions or OPEB in employer financial statements

7. Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.

8. Classifying employer-paid member contributions for OPEB

9. Simplifying certain aspects of the alternative measurement method for OPEB

10. Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

Financial impact of implementing GASB Statement No. 85 has not yet been determined.

GASB Statement No. 86 - Certain Debt Extinguishment Issues

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

Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt.
However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified in the period of the defeasance.

Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

As of the date this audit report was issued, the District did not have any defeasance of debt. Consequently, the implementation of GASB Statement No. 86 is not expected to have a fiscal impact on the District.

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

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 26,395,528	$ 25,710,972	$ 25,753,793	$ 42,821
Education Protection Account Funds	6,187,177	6,281,338	6,122,338	(159,000)
Local Sources	7,223,689	7,773,057	7,943,590	170,533
Federal Revenue	2,674,183	3,240,072	2,995,477	(244,595)
Other State Revenue	5,818,800	5,653,289	5,580,591	(72,698)
Other Local Revenue	4,633,684	5,503,706	5,639,122	135,416
Total Revenues	52,933,061	54,162,434	54,034,911	(127,523)
Expenditures:				
Current:				
Certificated Salaries	22,193,346	22,743,732	22,830,294	(86,562)
Classified Salaries	7,552,478	8,025,411	7,921,273	104,138
Employee Benefits	14,555,152	15,011,190	14,704,716	306,474
Books And Supplies	1,670,486	2,052,147	1,784,128	268,019
Services And Other Operating Expenditures	6,400,685	5,375,328	5,000,025	375,303
Direct Support/Indirect Costs	(64,118)	(136,002)	(121,546)	(14,456)
Capital Outlay	360,000	1,312,858	1,324,708	(11,850)
Debt Service:				
Principal	-	-	337	(337)
Interest	-	-	60,590	(60,590)
Total Expenditures	52,668,029	54,384,664	53,504,525	880,139
Excess (Deficiency) of Revenues Over (Under) Expenditures	265,032	(222,230)	530,386	752,616
Other Financing Sources (Uses):				
Other Sources	-	3,150	3,150	-
Total Other Financing Sources (Uses)	-	3,150	3,150	-
Net Change in Fund Balance	265,032	(219,080)	533,536	752,616
Fund Balance, July 1	9,271,372	9,271,372	9,271,372	-
Fund Balance, June 30	$ 9,536,404	$ 9,052,292	$ 9,804,908	$ 752,616

See Accompanying Notes to Required Supplemental Information

LAKESIDE UNION SCHOOL DISTRICT

EXHIBIT B-2

CHILD DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Other State Revenue	$ 126,215	$ 221,196	$ 221,844	$ 648
Other Local Revenue	1,304,063	1,986,669	1,945,347	(41,322)
Total Revenues	1,430,278	2,207,865	2,167,191	(40,674)
Expenditures:				
Current:				
Certificated Salaries	72,200	107,251	121,653	(14,402)
Classified Salaries	961,999	1,110,684	1,081,782	28,902
Employee Benefits	312,143	397,759	397,585	174
Books And Supplies	49,978	157,963	111,577	46,386
Services And Other Operating Expenditures	268,251	386,885	369,052	17,833
Direct Support/Indirect Costs	5,813	-	8,197	(8,197)
Total Expenditures	1,670,384	2,160,542	2,089,846	70,696
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,106)	47,323	77,345	30,022
Fund Balance, July 1	882,559	882,559	882,559	-
Fund Balance, June 30	$ 642,453	$ 929,882	$ 959,904	$ 30,022

See Accompanying Notes to Required Supplemental Information

LAKESIDE UNION SCHOOL DISTRICT

EXHIBIT B-3

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
RETIREE HEALTH BENEFIT PROGRAM
YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/2008	$ -	$ 5,896,582	$ 5,896,582	-	$ 25,481,310	23.1%
01/2010	-	6,016,575	6,016,575	-	24,595,517	24.5%
01/2012	-	6,212,351	6,212,351	-	24,950,695	24.9%
01/2014	-	6,789,240	6,789,240	-	24,004,000	28.3%
01/2016	-	10,684,134	10,684,134	-	28,298,000	37.8%

EXHIBIT B-4

LAKESIDE UNION SCHOOL DISTRICT

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0471%	0.0451%	0.0436%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 38,081,551	$ 30,364,814	$ 25,487,786	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
State's proportionate share of the net pension liability (asset) associated with the District	20,867,350	16,696,330	16,011,691	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	$ 58,948,901	$ 47,061,144	$ 41,499,477	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's covered-employee payroll	$ 22,215,413	$ 23,392,665	$ 20,842,725	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	171.42%	129.80%	122.29%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 2,794,699	$ 2,510,033	$ 1,850,834	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions in relation to the contractually required contribution	(2,794,699)	(2,510,033)	(1,850,834)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's covered-employee payroll	$ 22,215,413	$ 23,392,665	$ 20,842,725	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions as a percentage of covered-employee payroll	12.58%	10.73%	8.88%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTERM
GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0603%	0.0613%	0.0586%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 11,911,296	$ 9,029,628	$ 6,651,738	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's covered-employee payroll	$ 7,720,687	$ 7,303,360	$ 6,812,395	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	154.28%	123.64%	97.64%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

EXHIBIT B-7

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 1,072,249	$ 865,229	$ 801,887	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions in relation to the contractually required contribution	(1,072,249)	(865,229)	(801,887)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's covered-employee payroll	$ 7,720,687	$ 7,303,360	$ 6,812,395	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions as a percentage of covered-employee payroll	13.89%	11.85%	11.77%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

EXHIBIT B-8

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLC EMPLOYEE'S RETIREMENT SYSTEM
BUSINESS TYPE ACTIVITIES
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0045%	0.0045%	0.0041%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 898,093	$ 664,695	$ 463,252	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's covered-employee payroll	$ 619,866	$ 550,663	$ 501,478	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	144.89%	120.71%	92.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

EXHIBIT B-9

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
BUSINESS TYPE ACTIVITIES
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 86,087	$ 65,237	$ 59,029	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions in relation to the contractually required contribution	(86,087)	(65,237)	(59,029)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
District's covered-employee payroll	$ 619,866	$ 550,663	$ 501,478	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions as a percentage of covered-employee payroll	13.89%	11.85%	11.77%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

Budgetary Comparison Schedule - General Fund

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

General Fund - Fund Financial Statements Ending Fund Balance	$	9,861,854
Less: Fund 17 Fund Balance		(229)
Less: Fund 20 Fund Balance		(56,717)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$	9,804,908
General Fund - Fund Financial Statements Net Change in Fund Balance	$	534,115
Change in Fund Balance attributed to Fund 17		(2)
Change in Fund Balance attributed to Fund 20		(577)
General Fund - Budgetary Comparison Schedule Change in Fund Balance	$	533,536

Excess of Expenditures Over Appropriations

As of June 30, 2017, expenditures exceeded appropriations in individual budgeted funds as follows:

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Certificated Salaries	$ 86,562	The District underestimated costs of salary increases
Capital Outlay	11,850	The District underestimated costs of capital outlay
Principal	337	The District did not budget for debt service expenses
Interest	60,590	The District did not budget for debt service expenses
Child Development Fund:		
Certificated Salaries	14,402	The District underestimated costs of salary increases
Indirect Costs	8,197	The District underestimated indirect costs

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

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

2) Changes in Assumptions: In 2015, 2016 & 2017 there were no changes in assumptions

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

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

Valuation Date	June 30, 2014	June 30, 2015	June 30, 2016
Experience Study	07/01/06 - 06/30/10	07/01/07 - 06/30/11	07/01/08 - 06/30/12
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increase:	2.00% Simple	2.00% Simple	2.00% Simple

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its RP2000 series tables adjusted to fit CalSTRS experience. RP 2000 series tables are an industry standard of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010, July 1, 2007 - June 30, 2011 and July 1, 2008 - June 30, 2012 Experience Analysis for more information.

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

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

2) Changes in Assumptions: In 2015 and 2017 there were no changes in assumptions. In 2016 the discount rate was changed from 7.5% to 7.65% to correct for an adjustment to exclude administrative expense.

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, 2014 & 2015, and rolling forward the total pension liability to June 30, 2015 & 2016**.** The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, and June 30, 2016 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014	June 30, 2015	June 30, 2016
Experience Study	07/01/96 - 06/30/10	07/01/97 - 06/30/11	07/01/98 - 06/30/12
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.50%	7.50%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increase:	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 the Society of Actuaries Scale BB. For more details on this table, please refer to the April 2013 experience study (based on demographic data from 1996 through 2010), the April 2014 experience study (based on demographic data from 1997 to 2011) and the April 2015 experience study (based on demographic data from 1998 to 2012) available on the CalPERS website.

Combining Statements
as Supplementary Information

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

LAKESIDE UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:			
Cash in County Treasury	$ 88,100	$ 1,164,184	$ 1,252,284
Accounts Receivable	263	3,438	3,701
Total Assets	88,363	1,167,622	1,255,985
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Due to Other Funds	$ -	$ 3,870	$ 3,870
Total Liabilities	-	3,870	3,870
Fund Balance:			
Restricted Fund Balances	-	1,147,608	1,147,608
Assigned Fund Balances	88,363	16,144	104,507
Total Fund Balance	88,363	1,163,752	1,252,115
Total Liabilities and Fund Balances	$ 88,363	$ 1,167,622	$ 1,255,985

LAKESIDE UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Other Local Revenue	$ 897	$ 141,362	$ 142,259
Total Revenues	897	141,362	142,259
Expenditures:			
Current:			
Plant Services	-	22,931	22,931
Capital Outlay	-	385,690	385,690
Total Expenditures	-	408,621	408,621
Excess (Deficiency) of Revenues Over (Under) Expenditures	897	(267,259)	(266,362)
Other Financing Sources (Uses):			
Other Sources	-	5,500	5,500
Total Other Financing Sources (Uses)	-	5,500	5,500
Net Change in Fund Balance	897	(261,759)	(260,862)
Fund Balance, July 1	87,466	1,425,511	1,512,977
Fund Balance, June 30	$ 88,363	$ 1,163,752	$ 1,252,115

LAKESIDE UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Pupil Transportation Equipment Fund	Special Reserve General Fund	Post Employment Benefits Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	$ 31,324	$ 228	$ 56,548	$ 88,100
Accounts Receivable	93	1	169	263
Total Assets	31,417	229	56,717	88,363
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Total Liabilities	-	-	-	-
Fund Balance:				
Assigned Fund Balances	$ 31,417	$ 229	$ 56,717	$ 88,363
Total Fund Balance	31,417	229	56,717	88,363
Total Liabilities and Fund Balances	$ 31,417	$ 229	$ 56,717	$ 88,363

LAKESIDE UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Pupil Transportation Equipment Fund	Special Reserve General Fund	Post Employment Benefits Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Other Local Revenue	$ 319	$ 2	$ 576	$ 897
Total Revenues	319	2	576	897
Expenditures:				
Current:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	319	2	576	897
Net Change in Fund Balance	319	2	576	897
Fund Balance, July 1	31,098	227	56,141	87,466
Fund Balance, June 30	$ 31,417	$ 229	$ 56,717	$ 88,363

LAKESIDE UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	$ 1,148,088	$ 16,096	$ 1,164,184
Accounts Receivable	3,390	48	3,438
Total Assets	1,151,478	16,144	1,167,622
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Due to Other Funds	$ 3,870	$ -	$ 3,870
Total Liabilities	3,870	-	3,870
Fund Balance:			
Restricted Fund Balances	1,147,608	-	1,147,608
Assigned Fund Balances	-	16,144	16,144
Total Fund Balance	1,147,608	16,144	1,163,752
Total Liabilities and Fund Balances	$ 1,151,478	$ 16,144	$ 1,167,622

LAKESIDE UNION SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other Local Revenue	$ 141,198	$ 164	$ 141,362
Total Revenues	141,198	164	141,362
Expenditures:			
Current:			
Plant Services	22,931	-	22,931
Capital Outlay	385,690	-	385,690
Total Expenditures	408,621	-	408,621
Excess (Deficiency) of Revenues Over (Under) Expenditures	(267,423)	164	(267,259)
Other Financing Sources (Uses):			
Other Sources	5,500	-	5,500
Total Other Financing Sources (Uses)	5,500	-	5,500
Net Change in Fund Balance	(261,923)	164	(261,759)
Fund Balance, July 1	1,409,531	15,980	1,425,511
Fund Balance, June 30	$ 1,147,608	$ 16,144	$ 1,163,752

Other Supplementary Information

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

Supplementary Information Section

LAKESIDE UNION SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2016

The Lakeside Union School District was established in 1890, and is comprised of an area of approximately 75 square miles in San Diego County. There were no changes in the boundaries of the district during the current year. The district is currently operating six elementary; two middle schools; a special education high school; and is the authorizer of three charter schools.

On July 1, 1997 the district authorized River Valley Charter High School and Canyon Oaks Junior High School, which provides education to students in grades 7-12.

On April 18, 2002 the district authorized the Barona Indian Charter School which provides education to students in grades K-8.

On March 13, 2008 the district authorized a charter for the National University Academy dedicated to creating K-12 learning opportunities beginning in the 2008-09 school year.

Governing Board

Name	Office	Term and Term Expiration
Gelia G. Cook	President	Four Year Term Expires November 2018
Rhonda Taylor	Vice President	Four Year Term Expires November 2020
Bonnie LaChappa	Clerk	Four Year Term Expires November 2018
John Butz	Member	Four Year Term Expires November 2020
Holly Ferrante	Member	Four Year Term Expires November 2018

Administration

Andy Johnsen, Ed.D.
Superintendent

Erin Garcia
Assistant Superintendent
Business Services

Vacant
Assistant Superintendent
Educational Services

Sherrie Egeskog
Director of Finance

LAKESIDE UNION SCHOOL DISTRICT

TABLE D-1

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2017

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	2,335.71	N/A	2,339.75	N/A
Extended Year Special Education	3.13	N/A	3.13	N/A
Special Education, Nonpublic	0.81	N/A	0.99	N/A
Extended Year - Nonpublic	0.05	N/A	0.05	N/A
TK/K-3 Totals	2,339.70	N/A	2,343.92	N/A
Grades 4-6:				
Regular ADA	1,585.86	N/A	1,583.06	N/A
Extended Year Special Education	2.78	N/A	2.78	N/A
Special Education, Nonpublic	0.75	N/A	0.72	N/A
Extended Year - Nonpublic	0.33	N/A	0.33	N/A
Grades 4-6 Totals	1,589.72	N/A	1,586.89	N/A
Grades 7-8:				
Regular ADA	920.35	N/A	914.42	N/A
Extended Year Special Education	2.04	N/A	2.04	N/A
Special Education, Nonpublic	1.00	N/A	0.99	N/A
Grades 7-8 Totals	923.39	N/A	917.45	N/A
ADA totals	4,852.81	N/A	4,848.26	N/A

N/A-There were no revisions to the P2 and Annual ADA as reported due to an audit finding.

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

LAKESIDE UNION SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2017

Grade Level	Ed Code 46207 Minutes Requirement	2016-17 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	40,360	180	-	Complied
Kindergarten	36,000	40,360	180	-	Complied
Grade 1	50,400	54,320	180	-	Complied
Grade 2	50,400	54,320	180	-	Complied
Grade 3	50,400	54,320	180	-	Complied
Grade 4	54,000	54,320	180	-	Complied
Grade 5	54,000	54,320	180	-	Complied
Grade 6	54,000	58,638	180	-	Complied
Grade 7	54,000	58,638	180	-	Complied
Grade 8	54,000	58,638	180	-	Complied

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

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

LAKESIDE UNION SCHOOL DISTRICT

TABLE D-3

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2017

General Fund	Budget 2018 (See Note 1)	2017	2016	2015
Revenues and other financial sources	$ 52,489,449	$ 54,038,061	$ 56,490,960	$ 43,752,639
Expenditures, other uses and transfers out	53,191,666	53,504,525	51,034,443	45,431,967
Change in fund balance (deficit)	(702,217)	533,536	5,456,517	(1,679,328)
Ending fund balance	$ 9,102,691	$ 9,804,908	$ 9,271,372	$ 3,814,855
Available reserves (See Note 2)	$ 8,421,804	$ 8,810,072	$ 7,904,338	$ 1,718,960
Available reserves as a percentage of total outgo	15.8%	16.5%	15.9%	3.8%
Total long-term debt	$ 102,367,547	$ 104,877,455	$ 91,669,725	$ 83,250,037
Average daily attendance at P-2	4,853	4,853	4,890	4,752

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

The general fund balance has increased by $5,990,053 over the past two years. The fiscal year 2017-18 budget projects a decrease of $702,217. For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by $21,627,418 over the past two years.

Average daily attendance has increased by 101 over the past two years.

Notes:
1. Budget 2018 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all assigned fund balances, all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
3. On behalf payments of $1,768,244, $1,367,106, and $1,046,161, have been excluded from the calculation of available reserves as a percentage of total outgo for the fiscal years ending June 30, 2017, 2016, and 2015.
4. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) were included with the general fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.

LAKESIDE UNION SCHOOL DISTRICT

TABLE D-4

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

	General Fund	Special Reserve Fund Other Than Capital Outlay (Fund 17)	Special Reserve Fund for Other Postemployment Benefits (Fund 20)
June 30, 2017, annual financial and budget report fund balances	$ 9,804,908	$ 229	$ 56,717
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
Inclusion of funds for reporting purposes only, in accordance with GASB Statement No. 54	56,946	(229)	(56,717)
Net adjustments and reclassifications	56,946	(229)	(56,717)
June 30, 2017, audited financial statement fund balances	$ 9,861,854	$ -	$ -

	Enterprise Fund Cafeteria Fund
June 30, 2017, annual financial and budget report net position	$ 651,025
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Increase in Net OPEB Obligation (GASB 45)	(360)
June 30, 2017, audited financial statement net position	$ 650,665

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

The following charter schools are chartered by Lakeside Union School District.

Charter Schools	Included In Audit?
River Valley Charter High School	No
Barona Indian Charter School	No
National University Academy	No

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
U. S. Department of Agriculture				
Passed Through State Department of Education:				
School Breakfast Program	10.553	13525	$ -	$ 294,067
National School Lunch Program - Noncash Commodities	10.555	13396	-	110,307
National School Lunch Program - Section 11	10.555	13396	-	872,222
National School Lunch Program - Section 4	10.555	13523	-	169,812
Total Passed Through State Department of Education			-	1,446,408
Total U. S. Department of Agriculture			-	1,446,408
Total Child Nutrition Cluster			-	1,446,408
MEDICAID CLUSTER:				
U. S. Department of Health and Human Services				
Passed Through State Department of Education:				
Medi-Cal	93.778	10013	-	166,252
Total U. S. Department of Health and Human Services			-	166,252
Total Medicaid Cluster			-	166,252
SPECIAL EDUCATION (IDEA) CLUSTER:				
U. S. Department of Education				
Passed Through State Department of Education:				
Special Education - IDEA Basic Local Assistance, Part B	84.027	10015	-	25,137
Special Education - IDEA Basic Local Assistance	84.027	13379	-	1,095,809
Special Education - IDEA Preschool Local Assistance	84.027	13682	-	131,023
Special Education - IDEA Mental Health	84.027	14468	-	71,622
Special Education - IDEA Preschool Grants	84.173	13430	-	49,503
Special Education - IDEA Preschool Staff Development	84.173	13431	-	355
Total Passed Through State Department of Education			-	1,373,449
Total U. S. Department of Education			-	1,373,449
Total Special Education (IDEA) Cluster			-	1,373,449
OTHER PROGRAMS:				
U. S. Department of Education				
Passed Through State Department of Education:				
Title I	84.010	14329	-	604,393
Impact Aid - P.L. 81.874	84.041	10015	-	198,677
Indian Education	84.060	10011	-	9,358
Title III - Limited English Proficiency	84.365	14346	-	30,683
Title III - Immigrant Education	84.365	15146	-	2,348
Title II - Math & Science	84.366	14512	-	428,474
Title II - Teacher Quality	84.367	14341	-	146,976
Total Passed Through State Department of Education			-	1,420,909
Total U. S. Department of Education			-	1,420,909

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U. S. Department of Agriculture				
Passed Through State Department of Education:				
Child and Adult Care Food Program	10.558	13666	-	301,988
Total U. S. Department of Agriculture			-	301,988
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 4,709,006

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Lakeside Union School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 Direct and Indirect Costs. The District used an indirect cost rate of 7.56% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect Costs. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	CFDA #	Indirect Cost Rate
Title II - Math and Science	84.010	6.63%
Title III - Limited English Proficiency	84.365	2.00%
Special Education	84.027	3.04%
Child Nutrition Cluster	10.553, 10.555	4.87%
Title III Immigrant Education	84.365	2.00%
Special Education Mental Health	84.027	7.61%
Child Nutrition Child & Adult Care Food	10.558	4.92%

Schoolwide Program

The District operates "schoolwide programs" at two school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the School in it's schoolwide program:

Program	CFDA #	Amount Expended
Title I	84.010	$199,001

Other Independent Auditor's 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

<u>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*</u>

Board of Trustees
Lakeside Union School District
Lakeside, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakeside Union School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lakeside Union School District's basic financial statements, and have issued our report thereon dated December 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lakeside Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

El Cajon Office
218 W. Douglas Avenue El Cajon, CA 92020
Tel. (619) 447-6700 Fax (619) 447-6707

Emeryville Office
1900 Powell Street, Suite 600 Emeryville, CA 94608
Tel. (619) 510-588-8729 Fax (619) 447-6707

Purpose of this Report

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 14, 2017

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 Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Lakeside Union School District
Lakeside, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Lakeside Union School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lakeside Union School District's major federal programs for the year ended June 30, 2017. Lakeside Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Lakeside Union School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Lakeside Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

El Cajon Office
218 W. Douglas Avenue El Cajon, CA 92020
Tel. (619) 447-6700 Fax (619) 447-6707

Emeryville Office
1900 Powell Street, Suite 600 Emeryville, CA 94608
Tel. (619) 510-588-8729 Fax (619) 447-6707

Report on Internal Control Over Compliance

Management of the Lakeside Union School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lakeside Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lakeside Union School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 14, 2017

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 State Compliance

Board of Trustees
Lakeside Union School District
Lakeside, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2017.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810**.** We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States; and the State's audit guide, *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Compliance Requirements	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A

El Cajon Office
218 W. Douglas Avenue El Cajon, CA 92020
Tel. (619) 447-6700 Fax (619) 447-6707

Emeryville Office
1900 Powell Street, Suite 600 Emeryville, CA 94608
Tel. (619) 510-588-8729 Fax (619) 447-6707

Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	Yes

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:

Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	Yes
Before School	Yes
General Requirements	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Immunizations	Yes

CHARTER SCHOOLS:

Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

We did not perform testing for Independent Study. The procedure was not required to be performed since the ADA was below that which requires testing.

Opinion on State Compliance

In our opinion, Lakeside Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2017.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 14, 2017

Findings and Recommendations Section

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

A. Summary of Auditor's Results

1. Financial Statements

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

2. Federal Awards

Internal control over major programs:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	Special Education Cluster
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes	____	No

3. State Awards

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

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

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

NONE

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

Finding/Recommendation	Current Status	Management's Explanatio If Not Implemented
Finding 2016-001 (30000) Cafeteria Inventory Procedures In our review of inventory records for the cafeteria enterprise fund we noted that the financial statements were overstated by $54,317. Establish procedures between the business office and the cafeteria department that ensure accurate reporting of inventory balances.	Implemented	
Finding 2016-002 (50000) Allowable Costs/Cost Principles Documentation of Employee Time & Effort In our review of employees charged to the Special Education program, we noted that the district was unable to provide periodic or monthly certifications of actual effort expended in accordance with CFR section 200.430(i)(1)(vii) for one employee charged to the program. Upon further investigation, it was discovered that this employee should not have been charged to the Special Education program. Establish position control procedures to ensure that new hires are correctly recorded to the position they are hired for. In addition, establish procedures to reconcile documentation of employee time and effort completed for federal programs to payroll records. If an employee is incorrectly charged to a program prepare journal entries to move costs out of the program prior to closing of the books.	Implemented	
Finding 2016-003 (50000) Special Tests & Provisions Schoolwide Plans In our review of schoolwide plans, we noted that two of the five required components were not present in the plans. The plans were missing component 2, instruction by highly qualified professional staff, and component 5, transition plans for assisting preschool children in the successful transition to the schoolwide program.		

Finding/Recommendation	Current Status	Management's Explanatio If Not Implemented
Provide training to school site councils and school site personnel as to the requirements for schoolwide plans. Work with the school site councils to ensure all required core elements and components are included in the schoolwide plans.	Implemented	
Finding 2016-004 (40000) Instructional Time		
In our review over instructional time, Lakeview Elementary and Lakeside Farms Elementary did not offer the required minimum annual instructional minutes for grades 4 and 5. Lakeside Farms Elementary School was short 240 minutes for grades 4 and 5 and Lakeview Elementary School was short 835 minutes for grades 4 and 5.		
Implement review procedure over instructional minute calculations and work with individual school sites to ensure bell (class) schedules are meeting the required minimum instructional minutes for each grade level.	Implemented	
Finding 2016-005 (40000) LCFF Unduplicated Pupil Counts		
In our review of students reported as Free and Reduced Price Meal (FPRM) eligble on Form “1.18 – FRPM/English Learner/Foster Youth -Student List” we found that 2 of the 53 selected for testing were incorrectly designated as eligible under free or reduced price meal program (FRPM).		
Implement a process to double check students reported for unduplicated pupil counts prior to the final re-certification date for CalPADS. Re-certify with corrected numbers for any known errors.	Implemented	