SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
COUNTY OF IMPERIAL
WINTERHAVEN, CALIFORNIA

AUDIT REPORT

JUNE 30, 2017

Wilkinson Hadley King & Co. LLP
CPA's and Advisors
218 W. Douglas Ave
El Cajon, CA 92020

Introductory Section

San Pasqual Valley Unified School District
Audit Report
For The Year Ended June 30, 2017

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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
San Pasqual Valley Unified School District
Winterhaven, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Pasqual Valley Unified 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, each major fund, and the aggregate remaining fund information of San Pasqual Valley Unified School District as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 funding progress for OPEB benefits, 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 San Pasqual Valley Unified School District's basic financial statements. The combining and individual nonmajor fund 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 and individual nonmajor fund 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 and individual nonmajor fund 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 November 27, 2017 on our consideration of San Pasqual Valley Unified 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 San Pasqual Valley Unified School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 27, 2017

San Pasqual Valley Unified School District
Management′s Discussion and Analysis
June 30, 2017
(Unaudited)

This section of San Pasqual Valley Unified School District′s (SPVUSD) annual financial report presents management's discussion and analysis of the SPVUSD's financial performance during the year ending June 30, 2017. The management's discussion and analysis is required as an element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement Number 34. Comparative financial data and statements will reflect prior year information when indicated. The district's financial statements follow this section.

Financial Highlights

- The SPVUSD's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by 13.17 million.
- Total change in District net position was decreased by $2.4 million.
- Total revenues were $14.2 million.
- The SPVUSD enrollment decreased by 13 students for a total enrollment of 712 students in October 2016 compared to 725 students in October 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SPVUSD′s basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1. Government-wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the SPVUSD′s finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the assets and liabilities of the SPVUSD, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

- The statement of activities presents information showing how the net position of the SPVUSD changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found later in this report.

2. Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SPVUSD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district are governmental funds except for the Associated Student Body accounts, which are fiduciary funds.

- **Governmental funds**. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The SPVUSD maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which includes two special reserve funds, and the building fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

  The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement will be provided for the general fund to demonstrate compliance with this budget with the closing of the books at June 30, 2017. The basic governmental fund financial statements can be found later in this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented later in this report. Individual fund statements and schedules can be found in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the SPVUSD, assets exceeded liabilities by $13.17 million at the close of the most recent fiscal year.

STATEMENT OF NET POSITION 6/30/2017
(In Millions of Dollars)

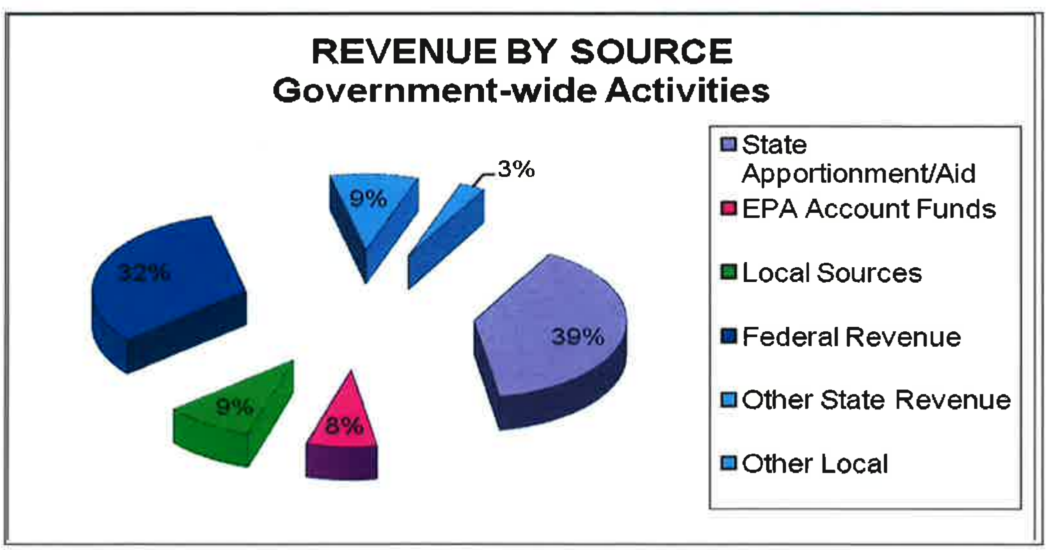
	2015-16	2016-17
ASSETS:		
Cash & Current Assets	9.43	14.50
Capital Assets	16.54	16.37
Total Assets	25.97	30.87
Deferred Outflows of Resources	1.55	3.39
LIABILITIES:		
Long-term Debt	8.87	18.65
Other Liabilities	.83	.80
Total Liabilities	9.7	19.45
Deferred Inflows of Resources	2.25	1.64
TOTAL NET POSITION	15.57	13.17
DISTRIBUTION OF NET ASSETS:		
Invested is Capital Assets	16.54	10.48
Restricted for Capital Projects	0	5.29
Other Restricted	0	.76
Unrestricted	(.97)	(3.36)
TOTAL NET POSITION	15.57	13.17

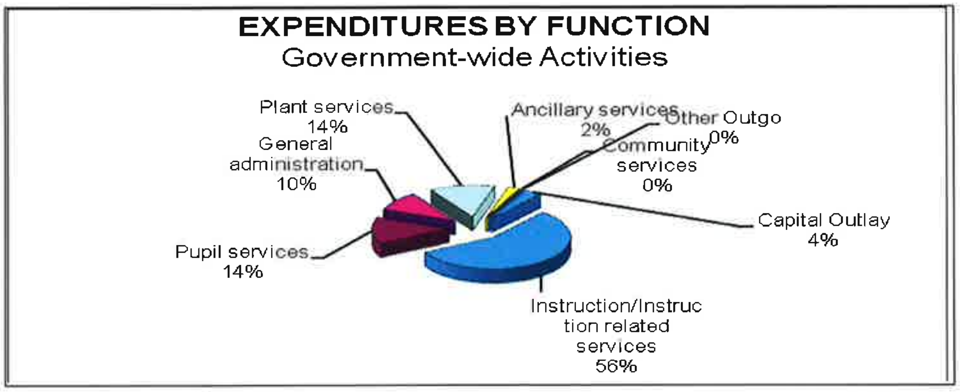
- Eighty percent (80%) of SPVUSD'S net position reflects its investment in capital assets (e.g., land, equipment, buildings and improvements net of accumulated depreciation), less any related debt (bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that is still outstanding. The SPVUSD uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The remaining balance of non-restricted net position may be used to meet the SPVUSD's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the SPVUSD has a positive balance of net position.

Governmental activities. The key elements of the District's net position for the year ended June 30, 2017 are as follows:

REVENUES		2015-16		2016-17
Program Revenues	$	2,674,863	$	2,656,575
General Revenues	$	12,015,948	$	11,524,166
Total Revenues	$	14,690,811	$	14,180,741
EXPENDITURES BY FUNCTION				
Instruction/Instruction related services	$	8,764,361	$	9,423,099
Pupil services	$	1,926,157	$	2,187,085
General administration	$	1,273,656	$	1,587,756
Plant services	$	1,756,680	$	2,131,614
Ancillary services	$	357,004	$	391,235
Community services	$	11,477	$	9,038
Interest on long-term debt	$	2,478	$	89,679
Other Outgo	$	30,485	$	23,511
Depreciation - Unallocated	$	704,506	$	709,541
Total Expenditures	$	14,826,804	$	16,552,958
CHANGE IN NET POSITION	$	(135,993)	$	(2,372,217)
Net-Assets - Beginning	$	15,706,955	$	15,545,161
Net-Assets - Ending	$	15,570,962	$	13,172,944





Local Control Funding Formula (LCFF)

The District's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide rates multiplied by the District's average daily attendance (ADA) as reported at the Second Principal apportionment period (P2). The result is then reduced by property tax revenues and education protection account funds paid by the state under proposition 30. The remaining balance is paid form the state General Fund, in the form of LCFF State Aid. The District is not at risk of losing these funding sources, as long as the school maintains a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

Financial Analysis of the District's Funds

As noted earlier, the SPVUSD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the SPVUSD's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. As the SPVUSD completed the year, its net position has a combined balance of $13.2 million. This is the seventh year the district has compiled these reports. This compares with the 2008-09 net position balance of $11.7 million. The net change in assets is a positive $1.5 million.

General Fund Budgetary Highlights

The SPVUSD's budget is prepared on the modified accrual basis of accounting according to California law. During the year, the Board revised the SPVUSD's budget. Budget amendments were to reflect changes in programs and related funding.

- In 2016-17, the Quechan Tribe received the Picacho Grant. This grant provides for a Grant Program Manager at the district as well as additional tutoring and activities for the Native American students at the district. The district is currently projecting to receive $123,213.
- The district also received one-time State monies for College Readiness Grant totaling $75,000 in 2016-17.

- Salary and benefits increased due to step and column and increases to PERS and STRS retirement systems. Health and welfare benefit rates did not increase. During the 2016-17 school year, contracts were settled with classified staff, confidential staff, and management. The District is currently negotiating with both the Certificated Union for the 2016-17 and 2017-18 school year and with the Classified Union for the 2017-18 school-year.

Capital Asset and Debt Administration

Capital Assets. The Board of Trustees adopted a minimum of $5,000 as the threshold for recognition of capital assets for GASB34 reporting. The District previously contracted with American Appraisal Services to conduct the District's capital asset inventory and valuation. The capital assets of the District at 06/30/16 and 06/30/17 are:

	June 30, 2016	June 30, 2017
Land	$66,865	$66,865
Buildings	$19,264,863	$19,446,564
Improvements	$1,849,392	$1,849,392
Equipment	$2,927,240	$3,287,071
Accumulated Depreciation	($7,564,971)	($8,274,912)
Net Capital Assets	$16,543,389	$16,374,980

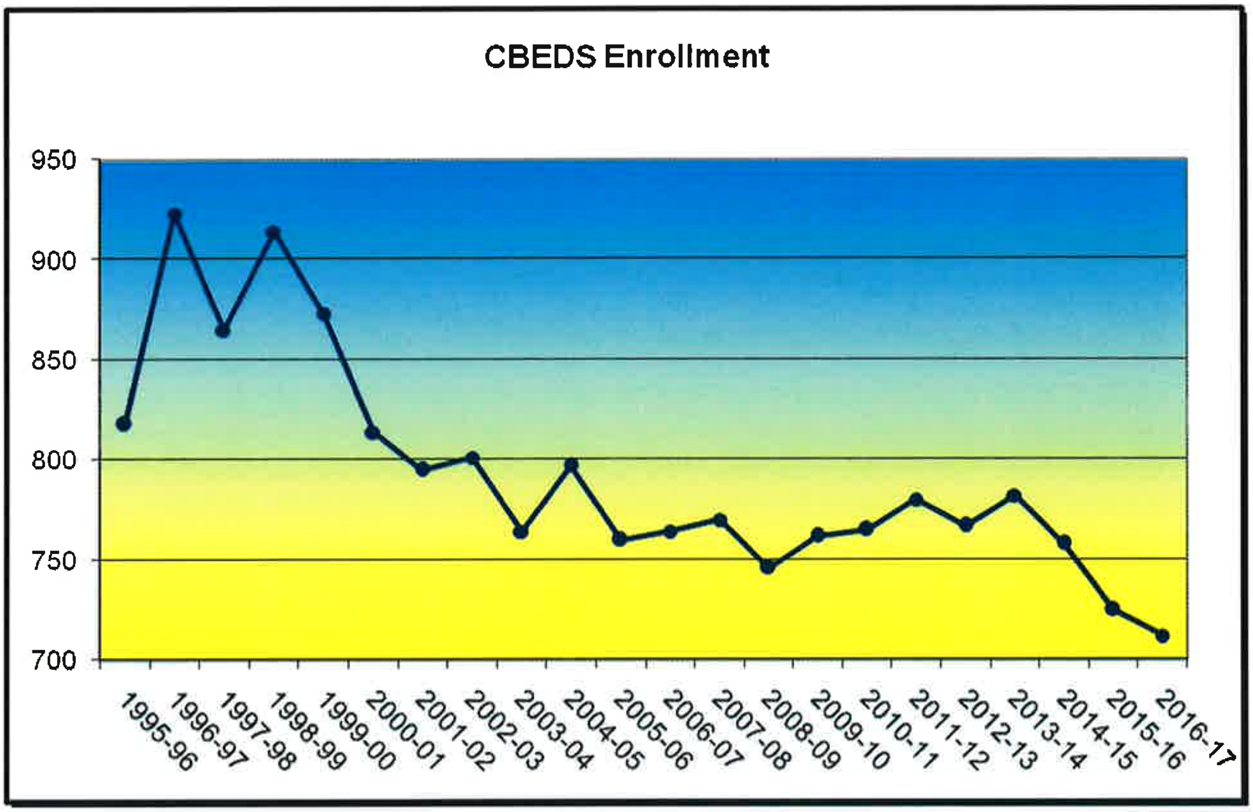
Additional information on the district's capital assets can be found in the basic financial statements.

Debt Administration. The District paid principal and interest on the lease purchase debt which provides one classroom to house Community Day School students. The long-term debt of the District at 06/30/2016 and 06/30/2017 consists of:

	June 30, 2016	June 30, 2017
GO Bonds Payable	-	$5,890,217
Net OPEB Obligation	$558,697	$695,632
Compensated Absences	$31,758	$25,187
Net Pension Liability	$8,291,604	$12,078,700
Total	$8,882,059	$18,689,736

Changing Enrollment within the District

The SPVUSD enrollment decreased by 13 students in 2016-17. Efforts have been made to improve student attendance and sustain enrollment, October 2017 enrollment increased slightly by 2 to 714.



Requests for Information

This financial report is designed to provide a general overview of the San Pasqual Valley Unified School District's finances for all those with an interest in the summary financial information of this District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Business Official, San Pasqual Valley Unified School District, 676 Baseline Road, Winterhaven, CA 92283.

Basic Financial Statements

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS:	
Cash	$ 13,947,542
Accounts Receivable	549,124
Stores Inventories	3,514
Capital Assets:	
Land	66,865
Improvements	1,849,392
Buildings	19,446,564
Equipment	3,287,071
Less Accumulated Depreciation	(8,274,912)
Total Assets	30,875,160
DEFERRED OUTFLOWS OF RESOURCES	3,389,780
LIABILITIES:	
Accounts Payable	563,097
Unearned Revenue	202,867
Long-Term Liabilities	
Due Within One Year	38,415
Due In More Than One Year	18,651,321
Total Liabilities	19,455,700
DEFERRED INFLOWS OF RESOURCES	1,636,296
NET POSITION:	
Net Investment in Capital Assets	10,484,763
Restricted For:	
Capital Projects	5,285,000
Debt Service	342,687
Educational Programs	376,813
Other Purposes (Expendable)	37,244
Other Purposes (Nonexpendable)	6,014
Unrestricted	(3,359,577)
Total Net Position	$ 13,172,944

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	$ 7,916,394	$ 66,854	$ 1,490,205	$ -	$ (6,359,335)
Instruction-Related Services:					
Instructional Supervision and Administration	216,176	-	52,066	-	(164,110)
Instructional Library, Media and Technology	117,725	-	96,222	-	(21,503)
School Site Administration	1,172,804	-	73,975	-	(1,098,829)
Pupil Services:					
Home-to-School Transportation	783,074	-	8,382	-	(774,692)
Food Services	666,601	3,822	612,683	-	(50,096)
All Other Pupil Services	737,410	-	109,088	-	(628,322)
General Administration:					
Centralized Data Processing	63,221	-	-	-	(63,221)
All Other General Administration	1,524,535	-	100,970	-	(1,423,565)
Plant Services	2,131,614	268	36,811	-	(2,094,535)
Ancillary Services	391,235	-	2,729	-	(388,506)
Comunity Services	9,038	-	2,500	-	(6,538)
Interest on Long-Term Debt	89,679	-	-	-	(89,679)
Other Outgo	23,511	-	-	-	(23,511)
Depreciation (Unallocated)*	709,941	-	-	-	(709,941)
Total Expenses	$ 16,552,958	$ 70,944	$ 2,585,631	$ -	$ (13,896,383)

General Revenues:	
Taxes and Subventions:	
Taxes Levied for General Purposes	1,323,964
Federal and State Aid Not Restricted to Specific Programs	10,037,389
Interest and Investment Earnings	75,862
Miscellaneous	86,951
Total General Revenues	11,524,166
Change in Net Position	(2,372,217)
Net Position Beginning-As Restated (Note Q)	15,545,161
Net Position Ending	$ 13,172,944

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	$ 8,015,979	$ 5,291,559	$ 637,505	$ 13,945,043
Cash in Revolving Fund	2,500	-	-	2,500
Accounts Receivable	79,693	10,373	1,282	91,348
Due from Grantor Governments	360,351	-	97,425	457,776
Stores Inventories	-	-	3,514	3,514
Total Assets	8,458,523	5,301,932	739,726	14,500,181
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 450,045	$ -	$ 16,760	$ 466,805
Unearned Revenue	202,867	-	-	202,867
Total Liabilities	652,912	-	16,760	669,672
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	2,500	-	-	2,500
Stores Inventories	-	-	3,515	3,515
Restricted Fund Balances	352,146	5,285,000	41,575	5,678,721
Committed Fund Balances	-	-	20,778	20,778
Assigned Fund Balances	6,349,121	16,932	657,098	7,023,151
Unassigned:				
Reserve for Economic Uncertainty	1,101,844	-	-	1,101,844
Total Fund Balance	7,805,611	5,301,932	722,966	13,830,509
Total Liabilities and Fund Balances	$ 8,458,523	$ 5,301,932	$ 739,726	$ 14,500,181

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

Total fund balances, governmental funds		$ 13,830,509
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets relating to governmental activities, at historical cost:	24,649,892	
Accumulated depreciation:	(8,274,912)	
Net		16,374,980
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:		(96,293)
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		3,389,780
Deferred inflows of resources relating to pensions		(1,636,296)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consisted of:		
General obligation bonds payable	5,890,217	
Net OPEB obligation	695,632	
Net pension liability	12,078,700	
Compensated absences payable	25,187	
Total		(18,689,736)
Total net position of governmental activities		$ 13,172,944

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 5,526,586	$ -	$ -	$ 5,526,586
Education Protection Account Funds	1,048,379	-	-	1,048,379
Local Sources	1,323,964	-	-	1,323,964
Federal Revenue	3,901,156	-	680,437	4,581,593
Other State Revenue	1,137,514	-	184,691	1,322,205
Other Local Revenue	337,829	16,915	32,321	387,065
Total Revenues	13,275,428	16,915	897,449	14,189,792
Expenditures:				
Current:				
Instruction	6,851,812	-	151,766	7,003,578
Instruction - Related Services	1,331,187	-	6,699	1,337,886
Pupil Services	1,373,992	-	660,283	2,034,275
Ancillary Services	384,352	-	-	384,352
Community Services	8,661	-	-	8,661
General Administration	1,471,301	-	-	1,471,301
Plant Services	1,725,148	270,231	39,318	2,034,697
Other Outgo	23,511	-	-	23,511
Capital Outlay	538,532	-	3,000	541,532
Total Expenditures	13,708,496	270,231	861,066	14,839,793
Excess (Deficiency) of Revenues Over (Under) Expenditures	(433,068)	(253,316)	36,383	(650,001)
Other Financing Sources (Uses):				
Transfers In	63,545	-	10,000	73,545
Transfers Out	(73,545)	-	-	(73,545)
Proceeds From Sale of Bonds	-	5,500,000	-	5,500,000
Other Sources	-	396,831	341,600	738,431
Other Uses	-	(341,600)	-	(341,600)
Total Other Financing Sources (Uses)	(10,000)	5,555,231	351,600	5,896,831
Net Change in Fund Balance	(443,068)	5,301,915	387,983	5,246,830
Fund Balance, July 1	8,248,679	17	334,983	8,583,679
Fund Balance, June 30	$ 7,805,611	$ 5,301,932	$ 722,966	$ 13,830,509

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED 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		$ 5,246,830
Amounts reported for governmental activities in the statement of activities are different because:		
Capital Outlay: In governmental funds, the cost 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	541,532	
Depreciation expense	(709,941)	
Net		(168,409)
Debt proceeds: In governmental funds, proceeds from debt are recognized 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, net of issue premium or discount, were:		(5,896,830)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period it becomes due. In the government-wide statement of activities, it is recognized in the period that it 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:		(96,293)
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:		(1,333,763)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount it is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:		6,613
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:		(136,936)
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:		6,571
Change in net position of governmental activities		$ (2,372,217)

The accompanying notes are an integral part of this statement.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 55,256
Total Assets	55,256
LIABILITIES:	
Due to Student Groups	$ 55,256
Total Liabilities	55,256
NET POSITION:	
Total Net Position	$ -

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Component Units

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

3. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Building Fund. This fund accounts for the acquisition of major governmental capital facilities and buildings fom the sale of bond proceeds.

In addition, the District reports the following fund types:

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

Capital Projects Funds: These funds are used to account for the proceeds from bond issuances and for the acquisition of capital assets of the district.

Debt Service Funds: These funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District 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. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

b. Expenses and Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

7. Assets, Liabilities, and Equity

a. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Imperial 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 Imperial 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
Infrastructure	30
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 Imperial 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.

8 Deferred Inflows and Deferred Outflows of Resources

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

9 GASB 54 Fund Presentation

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

10. Pensions

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

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

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

11. Use of Estimates

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

12. Fair Value Measurements

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

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

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

13. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 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 information about the agreements:

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 affects 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 Imperial County Treasury as part of the common investment pool ($13,945,043 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 $13,945,043**.** 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 Imperial 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 ($55,256 as of June 30, 2017) and in the revolving fund ($2,500) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

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

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

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

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The San Diego County Investment Pool is rated AAAf/S1 by Standard & Poors. At year end the District was not exposed to credit risk.

b. Custodial Credit Risk

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

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

As of June 30, 2017, the District's bank balances (including revolving cash) of $57,756 was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Accounts Receivable

Accounts receivable balances and amounts due from grantor governments as of June 30, 2017 consist of:

	Major Governmental Funds			
	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal Government:				
Federal Programs	$ 228,628	$ -	$ 85,907	$ 314,535
State Government:				
Lottery	39,160	-	-	39,160
LCFF State Aid	12,575	-	-	12,575
Other State Programs	-	-	11,519	11,519
Local Sources:				
Interest	16,830	10,373	1,281	28,484
Special Education	31,062	-	-	31,062
Other Local Sources	111,789	-	-	111,789
Total	$ 440,044	$ 10,373	$ 98,707	$ 549,124

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	$ 66,865	$ -	$ -	$ 66,865
Total capital assets not being depreciated	66,865	-	-	66,865
Capital assets being depreciated:				
Buildings	19,264,863	181,701	-	19,446,564
Improvements	1,849,392	-	-	1,849,392
Equipment	2,927,240	359,831	-	3,287,071
Total capital assets being depreciated	24,041,495	541,532	-	24,583,027
Less accumulated depreciation for:				
Buildings	(4,546,112)	(452,959)	-	(4,999,071)
Improvements	(899,359)	(85,875)	-	(985,234)
Equipment	(2,119,500)	(171,107)	-	(2,290,607)
Total accumulated depreciation	(7,564,971)	(709,941)	-	(8,274,912)
Total capital assets being depreciated, net	16,476,524	(168,409)	-	16,308,115
Governmental activities capital assets, net	$ 16,543,389	$ (168,409)	$ -	$ 16,374,980

Depreciation was charged to functions as follows:

Unallocated	$ 709,941

F. Interfund Balances and Activities

1. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2017 consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Adult Education Fund	$ 10,000	Cover fund deficit
General Fund	Special Reserve Fund	63,545	OPEB contribution
	Total	$ 73,545	

G. Short-Term Debt Activity

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

H. Accounts Payable

Accounts payable balances as of June 30, 2017 consist of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts Payable:			
Vendor payables	$ 314,687	$ 16,760	$ 331,447
Payroll and related benefits	135,358	-	135,358
Total	$ 450,045	$ 16,760	$ 466,805

I. Unearned Revenue

Unearned revenue for the year ended June 30, 2017 was as follows:

	General Fund
State Government:	
CT Education Incentive	$ 172,499
Local Sources:	
Other Local Programs	30,368
Total	$ 202,867

J. Deferred Outflows of Resources

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

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

Description	Issue Date	Amortization Term	Balance July 1, 2016	Additions	Current Year Amortization	Balance June 30, 2017
Pension related	06/30/2015	Varies	$ 1,556,889	$ 3,315,822	$ 1,482,931	$ 3,389,780
Total Deferred Outflows of Resources			$ 1,556,889	$ 3,315,822	$ 1,482,931	$ 3,389,780

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30	Pension Related
2018	$ 1,601,724
2019	656,928
2020	656,928
2021	474,200
Total	$ 3,389,780

K. Deferred Inflows of Resources

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

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

Description	Issue Date	Amortization Term	Balance July 1, 2016	Additions	Current Year Amortization	Balance June 30, 2017
Pension related	06/30/2015	Varies	$ 2,256,739	$ 257	$ 620,700	$ 1,636,296
Total Deferred Inflows of Resources			$ 2,256,739	$ 257	$ 620,700	$ 1,636,296

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related
2018	$ 620,700
2019	620,700
2020	394,847
2021	49
Total	$ 1,636,296

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	$ -	$ 5,500,000	$ -	$ 5,500,000	$ -
Bond premium	-	396,831	6,614	390,217	13,228
Net OPEB obligation	558,697	140,338	3,403	695,632	-
Compensated absences	31,758	-	6,571	25,187	25,187
Net pension liability	8,291,604	5,486,421	1,699,325	12,078,700	-
Total governmental activities	$ 8,882,059	$ 11,523,590	$ 1,715,913	$ 18,689,736	$ 38,415

2. 2016 General Obligation Bonds

In January 2017, the District issued $5,500,000 2016 Election, Series A, General Obligation Bonds in order to finance the renovation, construction, and improvement of school facilities. The issue consisted of $1,965,000 in current interest bonds with interest rates ranging from 2.0% to 4.0% with annual maturities from August 2018 through August 2036, $1,400,000 in term bonds with an interest rate of 4.5% with annual maturities from August 2037 through August 2041, and $2,135,000 in term bonds with an interest rate of 5.0% with annual maturities of August 1, 2042 through August 2046. Principal payments on the bonds are due August 1 of each year beginning August 1, 2018 while interest is payable semi-annually on February 1 and August 1 of each year through maturity beginning August 1, 2017. Total proceeds of $5,500,000 with additional premium of $396,831 resulted in $5,285,000 deposited into the Building Fund after issuance costs of $270,231, while remaining funds of $341,600 were deposited into the Bond Interest and Redemption Fund to be utilized for subsequent debt service on the bonds.

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

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 230,463	$ 230,463
2019	220,000	227,625	447,625
2020	125,000	224,175	349,175
2021	-	222,925	222,925
2022	-	222,925	222,925
2023-2027	180,000	1,108,375	1,288,375
2028-2032	535,000	1,047,125	1,582,125
2033-2037	905,000	932,075	1,837,075
2038-2042	1,400,000	701,600	2,101,600
2043-2047	2,135,000	284,375	2,419,375
Totals	$ 5,500,000	$ 5,201,663	$ 10,701,663

3. Bond Premium

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

The following bond was issued at a premium resulting in effective interest as follows:

	2016 GO Bonds
Total Interest	$ 5,201,663
Less Bond Premium	(396,831)
Net Interest	4,804,832
Par Amount of Bonds	$ 5,500,000
Periods	30
Effective Interest Rate	2.91%

4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2017 amounted to $25,187. This amount is included as part of long-term liabilities in the government-wide financial statements.

5. Net Pension Liability

The District's beginning net pension liability was $8,291,604 and increased by $3,787,096 during the year ended June 30, 2017. The ending net pension liability at June 30, 2017 was $12,078,700. See Note O for additional information regarding the net pension liability.

6. Net OPEB Liability

The District's beginning net OPEB obligation was $558,697 and increased during the year ended June 30, 2017 by $136,935. The ending net OPEB liability at June 30, 2017 was $695,632. See Note P for additional information regarding the net OPEB liability.

M. Risk Management

The District is exposed to risk of losses due to:

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

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

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

The District purchases insurance through joint powers authorities. The District is not obligated to cover any losses beyond the premiums paid for the insurance costs. As a result there has not been a liability recorded for incurred but not reported claims.

N. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreements (JPA's) entities, the Imperial Valley Property and Liability (IVPL) and the Self Insurance Program of Imperial County (SIPIC). The relationship between the District and the JPA's is such that the JPA's are not considered component units of the District for financial reporting purposes.

The JPA's arrange for and provide workers' compensation, health, and property and liability insurance for its members. The JPA's are each governed by a board consisting of a representative from each member entity. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member entities beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

Combined condensed financial information of the JPA's for the fiscal year ended June 30, 2017 is not available.

O. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits 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), fiscal year June 30, 2017, the State contributed 8.580% 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%	$ 239,418
2016	7.126%	322,083
2017	8.580%	407,390

d. Contributions Recognized

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

	CalSTRS	CalPERS	Total
Contributions - Employer (Measurement Period)	$ 503,435	$ 322,571	$ 826,006
Contributions - State On Behalf Payments (Fiscal Year)	407,390		407,390
Total Contributions	$ 910,825	$ 322,571	$ 1,233,396

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:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 7,637,981
CalPERS	4,440,719
Total Net Pension Liability	$ 12,078,700

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 portion 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	CalPERS
Proportion June 30, 2016	0.0075%	0.0058%	0.0133%	0.0219%
Proportion June 30, 2017	0.0094%	0.0060%	0.0154%	0.0225%
Change in Proportion	0.0019%	0.0002%	0.0021%	0.0006%

a. Pension Expense

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

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 2,579,925	$ 1,207,172	$ 3,787,097
Contributions - State On Behalf Payments	407,390		407,390
Increase/(Decrease) resulting from changes in Deferred Outflows and Deferred Inflows of Resouces for:			
Contributions - Employer made subsequent to measurement date	(89,587)	(29,203)	(118,790)
Difference Between Actual & Expected Experience	(279)	(22,265)	(22,544)
Change in Assumptions	-	(53,438)	(53,438)
Change in Proportionate Shares	(1,353,811)	(91,635)	(1,445,446)
Net Difference Between Projected & Actual Earnings	(974)	(812,142)	(813,116)
Total Pension Expense	$ 1,542,664	$ 198,489	$ 1,741,153

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:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ 593,022	$ 351,774	944,796
Differences between actual and expected experience	-	221,086	221,086
Changes in assumptions	-	-	-
Change in employer's proportion share	1,039,718	64,562	1,104,280
Net difference between projected and actual earnings	1,960	1,117,658	1,119,618
Total Deferred Outflows of Resources	$ 1,634,700	$ 1,755,080	$ 3,389,780

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ -	$ -	$ -
Differences between actual and expected experience	(1,365)	-	(1,365)
Changes in assumptions	-	(160,312)	(160,312)
Change in employer's proportionate share	(942,279)	(81,220)	(1,023,499)
Net difference between projected and actual earnings	-	(451,120)	(451,120)
Total Deferred Inflows of Resouces	$ (943,644)	$ (692,652)	$ (1,636,296)

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:

Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2018	$ 853,504	$ 748,219	$ (314,630)	$ (306,070)	$ 981,023
2019	260,482	396,445	(314,629)	(306,070)	36,228
2020	260,481	396,446	(314,335)	(80,512)	262,080
2021	260,233	213,970	(50)	-	474,153
Thereafter	-	-	-	-	-
Total	$ 1,634,700	$ 1,755,080	$ (943,644)	$ (692,652)	$ 1,753,484

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		Entry Age - Normal Cost	
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:

	CalSTRS	CalPERS
1% Decrease	6.65%	6.60%
Net Pension Liability	$ 10,992,777	$ 6,625,576
Current Discount Rate	7.65%	7.60%
Net Pension Liability	$ 7,637,981	$ 4,440,719
1% Increase	8.65%	8.60%
Net Pension Liability	$ 4,851,682	$ 2,621,394

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

CalSTRS

	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)	$ 34,500,184	$ 25,537,341	$ 8,962,843	$ 3,904,787	$ 5,058,056
Changes for the year:					
Change in Proportionate share	5,520,953	4,086,658	1,434,295	134,648	1,299,647
Service Cost	907,149	-	907,149	352,440	554,709
Interest	2,985,529	-	2,985,529	1,159,920	1,825,609
Differences between expected and actual experience	(186,711)	-	(186,711)	(72,540)	(114,171)
Contributions:					
Employer	-	523,710	(523,710)	(203,469)	(320,241)
Employee	-	456,736	(456,736)	(177,448)	(279,288)
State On Behalf Payments	-	299,588	(299,588)	(116,394)	(183,194)
Net Investment Income	-	355,965	(355,965)	(138,297)	(217,668)
Other Income	-	6,412	(6,412)	(2,491)	(3,921)
Benefit Payments, including refunds of employee contributions	(2,030,592)	(2,030,592)	-	-	-
Administrative expenses	-	(27,807)	27,807	10,803	17,004
Other Expenses	-	(2,352)	2,352	914	1,438
Net Changes	7,196,328	3,668,318	3,528,010	948,085	2,579,925
Balance at June 30, 2017	$ 41,696,512	$ 29,205,659	$ 12,490,853	$ 4,852,872	$ 7,637,981

CalPERS

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016 (Previously Reported)	$ 15,718,171	$ 12,484,624	$ 3,233,547
Changes for the year:			
Adjustment for Change in Proportionate Share	392,293	311,590	80,703
Service Cost	385,988	-	385,988
Interest	1,223,592	-	1,223,592
Differences between expected and actual experience	89,962	-	89,962
Changes in Assumptions	-	-	-
Contributions - Employer	-	322,571	(322,571)
Contributions - Employee	-	191,374	(191,374)
Net Plan to Plan Resource Movement	-	2	(2)
Net Investment Income	-	66,895	(66,895)
Benefit Payments, including refunds of employee contributions	(797,491)	(797,491)	-
Administrative expenses	-	(7,769)	7,769
Net Changes	1,294,344	87,172	1,207,172
Balance at June 30, 2017	$ 17,012,515	$ 12,571,796	$ 4,440,719

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

P. Postemployment Benefits Other Than Pension Benefits

The District provides retiree health benefits up to age 65 for 7 retirees as well as 61 active employees. Eligible employees are certificated or administrative employees who have attained age 55 but not yet attained age 65, have completed 10 or more years of continuous, full time service with the District under CalSTRS. Eligible employees will receive 100% of combined costs of medical/prescription drug and dental insurance until age 65.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefits (OPEB) costs (expense) is based on the annual required contribution of the employer (ARC). The District's expense is comprised of the present value of benefits accruing in the current year (normal cost) plus a 30 year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability (past service liability). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2017, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

Annual required contribution	$ 166,926
Interest adjustment	5,721
Amortization adjustment	(32,309)
Net OPEB cost	140,338
Contributions made and implicit subsidy	(3,403)
Increase in OPEB obligation	136,935
Net OPEB obligation - beginning of year	558,697
Net OPEB obligation - end of year	$ 695,632

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 139,280	2.4%	$ 403,145
2016	159,738	2.6%	558,697
2017	140,338	2.4%	695,632

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 health care 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.

Q. Adjustment to Beginning Net Position

The District implemented GASB Statement No. 68 & 71 during the current fiscal year which resulted in accounting changes for net pension liability. Under previous standards, net pension liability was not recorded on the statement of net position. Under newly implemented standards the net pension liability is recorded as a liability on the statement of net position. In addition, resulting from a difference in the measurement date for the net pension liability, any contributions to pensions subsequent to the measurement date are now recorded as deferred outflows of resources. The changes due to accounting policies resulted in an adjustment to beginning net position as follows:

Net Position, Beginning (As Originally Stated)	$ 15,525,184
Adjustments for:	
Net Pension Liability Corrections	18,892
Deferred Inflows of Resources - Pension Related Corrections	1,085
Net Position, Beginning (As Restated)	$ 15,545,161

R. Components of Ending Fund Balance

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

	Major Governmental Funds			
	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balances				
Revolving Cash	$ 2,500	$ -	$ -	$ 2,500
Stores Inventories	-	-	3,515	3,515
Restricted Fund Balances				
Educational Programs	352,146	-	4,330	356,476
Capital Construction	-	5,285,000	-	5,285,000
Child Nutrition Program	-	-	37,244	37,244
Committed Fund Balances				
Adult Education Programs	-	-	20,336	20,336
Assigned Fund Balances				
Capital Projects	250,000	-	-	250,000
Technology Upgrades	150,000	-	-	150,000
New School Busses	400,000	-	-	400,000
Post Employment Benefits	858,256	-	-	858,256
Capital Construction	3,000,000	16,932	100,090	3,117,022
Child Decelopment Program	-	-	82,163	82,163
Child Nutrition Program	-	-	132,601	132,601
Reserve Requirement	561,000	-	-	561,000
Impact Aid Contingency	1,129,864	-	-	1,129,864
Debt Service	-	-	342,687	342,687
Unassigned Fund Balances				
For Economic Uncertainty	1,101,845	-	-	1,101,845
Total Fund Balance	$ 7,805,611	$ 5,301,932	$ 722,966	$ 13,830,509

S. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

T. Subsequent Events

New Accounting Pronouncements

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 for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the 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.

<u>GASB Statement No. 85 - Omnibus 2017</u>

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 other postemployment benefits [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.

<u>GASB Statement No. 86 - Certain Debt Extinguishment Issues</u>

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—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 to 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 gain or loss 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 insubstance 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.

SAN PASQUAL VALLEY UNIFIED 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	$ 5,552,767	$ 5,564,820	$ 5,526,586	$ (38,234)
Education Protection Account Funds	1,051,600	1,048,379	1,048,379	-
Local Sources	1,256,045	1,285,730	1,323,964	38,234
Federal Revenue	3,830,724	3,901,156	3,901,156	-
Other State Revenue	762,115	1,137,514	1,137,514	-
Other Local Revenue	270,898	324,411	324,411	-
Total Revenues	12,724,149	13,262,010	13,262,010	-
Expenditures:				
Current:				
Certificated Salaries	5,028,699	4,870,678	4,870,678	-
Classified Salaries	2,706,665	2,587,835	2,587,835	-
Employee Benefits	2,650,698	2,845,842	2,845,842	-
Books And Supplies	855,825	779,008	779,008	-
Services And Other Operating Expenditures	1,995,119	2,063,090	2,063,090	-
Other Outgo	26,291	23,511	23,511	-
Capital Outlay	690,000	538,532	538,532	-
Total Expenditures	13,953,297	13,708,496	13,708,496	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,229,148)	(446,486)	(446,486)	-
Other Financing Sources (Uses):				
Transfers Out	(124,790)	(73,545)	(73,545)	-
Total Other Financing Sources (Uses)	(124,790)	(73,545)	(73,545)	-
Net Change in Fund Balance	(1,353,938)	(520,031)	(520,031)	-
Fund Balance, July 1	6,365,541	6,365,541	6,365,541	-
Fund Balance, June 30	$ 5,011,603	$ 5,845,510	$ 5,845,510	$ -

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS-OTHER POST EMPLOYMENT BENEFITS PLAN
YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
6/30/10	$ -	$ 815,655	$ 815,655	-	$ 6,435,390	12.7%
6/30/13	-	1,036,962	1,036,962	-	6,903,752	15.0%
6/30/16	-	1,205,704	1,205,704	-	7,412,680	16.3%

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM (CALSTRS)
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)	0.0094%	0.0075%	0.0102%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 7,637,981	$ 5,076,949	$ 5,991,890	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	$ 4,852,872	$ 3,909,006	$ 3,787,649	N/A	N/A	N/A	N/A	N/A	N/A	N/A N/A
Total share of net pension liability (asset) associated with the District	$ 12,490,853	$ 8,985,955	9,779,539	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 4,714,006	$ 4,691,845	3,471,903	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	162.03%	108.21%	172.58%	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%	76.52%	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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM (CALSTRS)
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 593,022	$ 503,435	$ 308,305	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(593,022)	(503,435)	(308,305)	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	$ 4,714,006	$ 4,691,845	$ 3,471,903	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	12.580%	10.730%	8.800%	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-3

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0225%	0.0219%	0.0231%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 4,440,719	$ 3,233,547	$ 2,625,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	$ 2,532,935	$ 2,722,807	$ 2,439,546	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	175.32%	118.76%	107.63%	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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 351,774	$ 322,571	$ 287,159	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(351,774)	(322,571)	(287,159)	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	$ 2,532,935	$ 2,722,807	$ 2,439,546	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	13.888%	11.847%	11.771%	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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Budgetary Comparison Schedule - General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Postemployment Benefits (Fund 20) 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	$	7,805,611
Less Fund 17 Fund Balance		(1,101,845)
Less Fund 20 Fund Balance		(858,256)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$	5,845,510

General Fund - Fund Financial Statements Net Change in Fund Balance	$	(443,068)
Change in Fund Balance attributed to Fund 17		(7,787)
Change in Fund Balnce attributed to Fund 20		(69,176)
General Fund - Budgetary Comparison Schedule Change in Fund Balance	$	(520,031)

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 and Budget Comparisons as Supplementary Information

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	$ 196,034	$ 342,019	$ 99,452	$ 637,505
Accounts Receivable	419	668	195	1,282
Due from Grantor Governments	97,425	-	-	97,425
Stores Inventories	3,514	-	-	3,514
Total Assets	297,392	342,687	99,647	739,726
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 16,760	$ -	$ -	$ 16,760
Total Liabilities	16,760	-	-	16,760
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	3,515	-	-	3,515
Restricted Fund Balances	41,575	-	-	41,575
Committed Fund Balances	20,778	-	-	20,778
Assigned Fund Balances	214,764	342,687	99,647	657,098
Total Fund Balance	280,632	342,687	99,647	722,966
Total Liabilities and Fund Balances	$ 297,392	$ 342,687	$ 99,647	$ 739,726

SAN PASQUAL VALLEY UNIFIED 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	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	$ 612,604	$ -	$ 67,833	$ 680,437
Other State Revenue	184,691	-	-	184,691
Other Local Revenue	17,294	1,087	13,940	32,321
Total Revenues	814,589	1,087	81,773	897,449
Expenditures:				
Current:				
Instruction	151,766	-	-	151,766
Instruction - Related Services	6,699	-	-	6,699
Pupil Services	660,283	-	-	660,283
Plant Services	39,318	-	-	39,318
Capital Outlay	3,000	-	-	3,000
Total Expenditures	861,066	-	-	861,066
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,477)	1,087	81,773	36,383
Other Financing Sources (Uses):				
Transfers In	10,000	-	-	10,000
Other Sources	-	341,600	-	341,600
Total Other Financing Sources (Uses)	10,000	341,600	-	351,600
Net Change in Fund Balance	(36,477)	342,687	81,773	387,983
Fund Balance, July 1	317,109	-	17,874	334,983
Fund Balance, June 30	$ 280,632	$ 342,687	$ 99,647	$ 722,966

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Adult Education Fund	Child Development Fund
ASSETS:		
Cash in County Treasury	$ 23,193	$ 81,837
Accounts Receivable	16	168
Due from Grantor Governments	5,643	718
Stores Inventories	-	-
Total Assets	28,852	82,723
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 4,195	$ 550
Total Liabilities	4,195	550
Fund Balance:		
Nonspendable Fund Balances:		
Stores Inventories	-	-
Restricted Fund Balances	4,321	10
Committed Fund Balances	20,336	-
Assigned Fund Balances	-	82,163
Total Fund Balance	24,657	82,173
Total Liabilities and Fund Balances	$ 28,852	$ 82,723

Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
$ 90,562	$ 442	$ 196,034
234	1	419
91,064	-	97,425
3,514	-	3,514
185,374	443	297,392
$ 12,015	$ -	$ 16,760
12,015	-	16,760
3,515	-	3,515
37,244	-	41,575
-	442	20,778
132,601	-	214,764
173,359	443	280,632
$ 185,374	$ 443	$ 297,392

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Adult Education Fund	Child Development Fund
Revenues:		
Federal Revenue	$ -	$ -
Other State Revenue	72,070	77,849
Other Local Revenue	1,371	664
Total Revenues	73,441	78,513
Expenditures:		
Current:		
Instruction	55,968	95,798
Instruction - Related Services	6,699	-
Pupil Services	2,081	-
Plant Services	-	-
Capital Outlay	3,000	-
Total Expenditures	67,748	95,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,693	(17,285)
Other Financing Sources (Uses):		
Transfers In	10,000	-
Total Other Financing Sources (Uses)	10,000	-
Net Change in Fund Balance	15,693	(17,285)
Fund Balance, July 1	8,964	99,458
Fund Balance, June 30	$ 24,657	$ 82,173

Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
$ 612,604	$ -	$ 612,604
34,772	-	184,691
15,255	4	17,294
662,631	4	814,589
-	-	151,766
-	-	6,699
658,202	-	660,283
39,318	-	39,318
-	-	3,000
697,520	-	861,066
(34,889)	4	(46,477)
-	-	10,000
-	-	10,000
(34,889)	4	(36,477)
208,248	439	317,109
$ 173,359	$ 443	$ 280,632

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	$ 29,160	$ 70,292	$ 99,452
Accounts Receivable	57	138	195
Total Assets	29,217	70,430	99,647
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	-	-	-
Fund Balance:			
Assigned Fund Balances	$ 29,217	$ 70,430	$ 99,647
Total Fund Balance	29,217	70,430	99,647
Total Liabilities and Fund Balances	$ 29,217	$ 70,430	$ 99,647

SAN PASQUAL VALLEY UNIFIED 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 Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	$ -	$ 67,833	$ 67,833
Other Local Revenue	13,501	439	13,940
Total Revenues	13,501	68,272	81,773
Expenditures:			
Current:			
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,501	68,272	81,773
Net Change in Fund Balance	13,501	68,272	81,773
Fund Balance, July 1	15,716	2,158	17,874
Fund Balance, June 30	$ 29,217	$ 70,430	$ 99,647

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2017

The San Pasqual Valley Unified School District was established in July 1954 and is comprised of an area of approximately 1,189 square miles in Imperial County. There were no changes in the boundaries of the district during the current year. The district is currently operating one elementary, one intermediate, and one high school. The district also maintains a continuation high school and community day school.

Governing Board

Name	Office	Term and Term Expiration
Monica Montague	President	Four year term Expires December 2017
Bernadine Swift Arrow	Vice President	Four year term Expires December 2019
Rebecca Ramirez	Clerk	Four year term Expires December 2017
Lisa Aguerro	Member	Four year term Expires December 2019
Sally DeCorse	Member	Four year term Expires December 2019

Administration

Rauna Fox
Superintendent

Kish Curtis
Chief Business
Official

SAN PASQUAL VALLEY UNIFIED 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	217.89	N/A	218.07	N/A
Extended Year Special Education	0.08	N/A	0.08	N/A
TK/K-3 Totals	217.97	N/A	218.15	N/A
Grades 4-6:				
Regular ADA	147.50	N/A	147.50	N/A
Extended Year Special Education	0.13	N/A	0.13	N/A
Grades 4-6 Totals	147.63	N/A	147.63	N/A
Grades 7 and 8:				
Regular ADA	110.40	N/A	110.39	N/A
Extended Year Special Education	0.07	N/A	0.07	N/A
Grades 7 and 8 Totals	110.47	N/A	110.46	N/A
Grades 9-12:				
Regular ADA	182.85	N/A	180.11	N/A
Grades 9-12 Totals	182.85	N/A	180.11	N/A
ADA Totals	658.92	N/A	656.35	N/A

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

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

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

TABLE D-2

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	49,500	180	-	Complied
Kindergarten	36,000	61,930	180	-	Complied
Grade 1	50,400	61,930	180	-	Complied
Grade 2	50,400	61,930	180	-	Complied
Grade 3	50,400	61,930	180	-	Complied
Grade 4	54,000	61,930	180	-	Complied
Grade 5	54,000	61,930	180	-	Complied
Grade 6	54,000	66,180	180	-	Complied
Grade 7	54,000	66,180	180	-	Complied
Grade 8	54,000	66,180	180	-	Complied
Grade 9	64,800	66,180	180	-	Complied
Grade 10	64,800	66,180	180	-	Complied
Grade 11	64,800	66,180	180	-	Complied
Grade 12	64,800	66,180	180	-	Complied

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

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

SAN PASQUAL VALLEY UNIFIED 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	$ 12,968,551	$ 13,262,010	$ 14,099,708	$ 13,088,963
Expenditures, other uses and transfers out	14,389,577	13,782,041	13,930,917	12,754,133
Change in fund balance (deficit)	(1,421,026)	(520,031)	168,791	334,830
Ending fund balance	$ 4,424,484	$ 5,845,510	$ 6,365,541	$ 6,196,750
Available reserves (See Note 2)	$ 4,200,829	$ 5,325,479	$ 6,060,753	$ 6,060,753
Available reserves as a percentage of total outgo	29.1%	38.6%	43.5%	47.5%
Total long-term debt	$ 18,651,321	$ 18,689,736	$ 8,900,951	$ 8,952,146
Average daily attendance at P-2	659	659	673	697

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 decreased by $16,410 over the past three years. The fiscal year 2017-18 budget projects a decrease of $1,421,026. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, other uses and transfers out.

Long-term debt has increased by $9,737,590 over the past two years.

Average daily attendance (ADA) has decreased by 38 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 $407,388, $322,083, and $239,473, 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.

SAN PASQUAL VALLEY UNIFIED 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 Postemployment Benefits	Special Reserve Fund Other Than Capital Outlay Projects
June 30, 2017, annual financial and budget report fund balances	$ 5,845,510	$ 858,256	$ 1,101,845
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
GASB # 54 inclusion of special reserve funds	1,960,101	(858,256)	(1,101,845)
June 30, 2017, audited financial statement fund balances	$ 7,805,611	$ -	$ -

	Schedule of Long-Term Liabilities
June 30, 2017, annual financial and budget report total liabilities	$ 347,107
Adjustments and reclassifications:	
Increase (decrease) in total liabilities:	
Net general obligation bonds understatement	5,500,000
Net OPEB obligation understatement	373,712
Net bond premium understatement	390,217
Net pension liability understatement	12,078,700
Net adjustments and reclassifications	18,342,629
June 30, 2017, audited financial statement total liabilities	$ 18,689,736

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.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

TABLE D-5

SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2017

No charter schools are chartered by San Pasqual Valley Unified School District.

Charter Schools	Included In Audit?
None	N/A

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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	13526	$ -	$ 126,239
National School Lunch Section 4	10.555	13391	-	44,096
National School Lunch Section 11	10.555	13396	-	285,819
Non-cash Commodities	10.555	13396	-	9,048
National School Lunch Meal Supplements	10.555	23165	-	21,952
Total Passed Through State Department of Education			-	487,154
Total U. S. Department of Agriculture			-	487,154
Total Child Nutrition Cluster			-	487,154
SPECIAL EDUCATION (IDEA) CLUSTER:				
U. S. Department of Education				
Passed Through State Department of Education:				
Special Education IDEA Basic	84.027	13379	-	146,116
Total U. S. Department of Education			-	146,116
Total Special Education (IDEA) Cluster			-	146,116
OTHER PROGRAMS:				
U. S. Department of Education				
Direct Programs:				
Impact Aid - P.L. 81.874	84.041	-	-	3,186,903
Improvement of Education	84.215	-	-	27,859
Total Direct Programs			-	3,214,762
Passed Through State Department of Education:				
Title I	84.010	14329	-	367,175
Migrant Education Summer	84.011	10005	-	22,291
Migrant Education	84.011	14326	-	35,785
Migrant Education Even Start	84.011	14768	-	3,316
Vocational Education	84.048	14894	-	3,169
Indian Education	84.060	10011	-	70,823
Title VI - Rural and Low Income Schools	84.358	14356	-	15,939
Title III - LEP	84.365	14346	-	23,738
Title II - Teacher Quality	84.367	14341	-	65,876
Total Passed Through State Department of Education			-	608,112
Total U. S. Department of Education			-	3,822,874
U. S. Department of Agriculture				
Passed Through State Department of Education:				
Child and Adult Care Food Program	10.558	13394	-	107,243
Fresh Fruit and Vegetable Program	10.582	14968	-	18,209
Total Passed Through State Department of Education			-	125,452
Total U. S. Department of Agriculture			-	125,452
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 4,581,596

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 San Pasqual Valley Unified 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 7.04% 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 III Limited English Proficiency	84.365	2.00%
Improvement of Education	84.215	6.80%
Title II Teacher Quality	84.367	5.84%

Schoolwide Program

The District operates "schoolwide programs" at all 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 District in it's schoolwide program:

Program	CFDA #	Amount Expended
Title I Part A	84.010	$367,175

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

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

Board of Trustees
San Pasqual Valley Unified School District
Winterhaven, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Pasqual Valley Unified School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise San Pasqual Valley Unified School District's basic financial statements and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the San Pasqual Valley Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-002.

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

San Pasqual Valley Unified School District's Response to Findings

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

Purpose of this Report

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

Wilkinson Hadley King & Co., LLP

El Cajon, California
November 27, 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
San Pasqual Valley Unified School District
Winterhaven, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the San Pasqual Valley Unified 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 San Pasqual Valley Unified School District's major federal programs for the year ended June 30, 2017. San Pasqual Valley Unified 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 San Pasqual Valley Unified 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 San Pasqual Valley Unified 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 San Pasqual Valley Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the San Pasqual Valley Unified 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 San Pasqual Valley Unified 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 San Pasqual Valley Unified 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 San Pasqual Valley Unified 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
November 27, 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
San Pasqual Valley Unified School District
Winterhaven, 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	Yes
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	N/A
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 because the ADA was below that which requires testing.

Opinion on State Compliance

In our opinion, San Pasqual Valley Unified 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with 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 which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002.

San Pasqual Valley Unified School District's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of 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
November 27, 2017

Findings and Recommendations Section

SAN PASQUAL VALLEY UNIFIED 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?	X	Yes	____	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
84.010	Title I, Part A
84.041	Impact Aid

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

Auditee qualified as low-risk auditee?	____	Yes	X	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?	X	Yes	____	No

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

B. Financial Statement Findings

Finding 2017-001 (30000)
Student Body Activities

Criteria or Specific Requirement
Determine if internal controls are in place over the student body funds that will ensure all student body deposits and disbursements are properly maintained, clerically accurate, reconcile to the transaction journals, and have sufficient supporting documentation to ensure the safeguard of assets of the student body accounts.

Condition
In our review of the receipts and deposits in the student activities account for San Pasqual Valley High School, we noted football games and other event sales do not have proper supporting ticket reconciliations which reflect an actual cash over/short, and one event deposit for parking lot sales had no supporting documentation. In addition, Some meal advances did not reflect proper coach/student initials or signatures for monies received, one cash reimbursement for $6,825 had only $4,093 in receipts attached, and one expense did not have proper invoice support.

Questioned Costs
None

Context/Cause
Context: In order to detect errors and deter fraud, proper internal controls must be established over the deposits and disbursements of the San Pasqual Valley High School student activities account.
Cause: Insufficient proper training administered to site clerks and limited account monitoring and oversight by District personnel resulted in inadequate internal controls over the cash deposits and disbursements of the San Pasqual Valley High School student activities account.

Effect
The student body deposits and disbursements for San Pasqual Valley High School are exposed to significant risk of error and fraud as the proper internal controls are not in place to detect errors and deter fraud.

Recommendation
Provide inservice training to the school site individuals involved in daily student body account operations, including clerks and advisors, and have District personnel monitor transactions on a monthly basis. Ensure ticket reconciliation forms are completed for all event sales with a listing of beginning and ending ticket numbers, tickets sold, and cash over/short and require all deposits to have sufficient cash transmittal forms and cash tally sheets attached as support documentation for deposits. Require all meal advances to reflect intitials or signatures from coaches/players for monies received which reconciles to the total amount of funds distributed, ensure all disbursements have proper supporting invoice documentation, and request all receipts be attached which reconcile to the total amount for any reimbursement of expenses incurred.

LEA's Response/Corrective Action Plan

The District will continue to meet with the Principals, ASB advisors, and accounting clerks to implement new procedures and requirements for the ASB. These requirements will include that cash transmittal forms are completed, signed, and approved. Students will NOT receive meal stipends without student signatures. Also NO expenditures will be processed without the three required signatures and required documentation. Each of the expenditures will not be paid without an original invoice and must be reviewed by the Principal before it can be processed. Deposits will only be processed with supporting documentation. This will also be reviewed by the Principal and will require the Principal's signature. A District representative attended an ASB Rules and Regulations training with the ASB advisors and accounting clerks in September. The District Office Business Services personnel will also be reviewing the ASB accounts and documentation at the end of each month as well as conducting periodic spot checks on documentation.

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

Finding 2017-002 (10000)
Attendance

Criteria or Specific Requirement

Determine that class attendance rosters are being signed, dated, and retained in a timely manner as proper verification of pupil attendance based on the guidelines and provisions under Education Code Sections 46000 and 46303.

Condition

In review of the class rosters at San Pasqual Valley Elementary School, San Pasqual Valley High School, and Manes Continuation High School for the seventh month of attendance, we noted that the class rosters were not being printed and verified on a timely basis. The teachers were signing and dating the class rosters generally after printing; however, the class rosters were not being printed within one week after the end of the attendance period. At the elementary school, class rosters were printed in excess of three months after the end of the attendance period, and at the continuation school, rosters were printed approximately two months after the end of the attendance period. At the high school, rosters were being printed and subsequently signed by the teachers in excess of two weeks after the end of the attendance period.

Questioned Costs

None. The District has established procedures that the teachers enter attendance on a daily basis and although the verification of class rosters was not completed within state guidelines, the attendance was entered timely by individuals with first hand knowledge. Based upon our review, we determined there are no questioned costs or loss of attendance to be identified or justified as all class rosters had a valid teacher signature and were subsequently approved prior to the end of the fiscal year.

Context/Cause

Context: California Education Code Sections 46000 and 46303 require that weekly attendance be signed, dated, and verified by the teachers within one week after the end of each attendance period. Cause: School site personnel did not understand the purpose and requirement that teachers verify attendance weekly.

Effect

The school sites were not consistent with the state requirement that attendance must be approved and verified by the teachers within one week after the end of each attendance period.

Recommendation

Implement procedures to ensure class rosters are printed timely and are being signed, dated, and verified by the teachers within one week after the end of each attendance period. Require all class rosters to be printed within two school days after the end of the weekly attendance period and ensure no backdating of teacher signatures and verification dates is allowed. Retain all original class rosters printed and verified by the teachers even if changes or corrections have been made as proper support that weekly attendance is being validated on a timely basis.

LEA's Response/Corrective Action Plan

The District meets monthly with all principals to improve the attendance process and procedures. Improved systems have been put into place to ensure that attendance clerks are printing rosters and teachers are reviewing and signing them on a regular and timely basis. This system will be monitored by the site administrator. District office will also be conducting random spot checks.

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Finding/Recommendation	Current Status	Management's Explanat If Not Implemented
Finding 2016-001 Associated Student Body In our review and testing of the San Pasqual Valley High School student body funds, we noted some deposits did not have cash transmittal forms on file or were incomplete, some receipts were not deposited timely, and some disbursements lacked proper supporting invoice documentation. Provide additional training to student body clerks and staff to ensure all receipts collected have complete cash transmittal forms on file and are deposited on a timely basis. In addition, require all disbursements to have proper invoice supporting documentation.	Partially Implemented	See Current Year Finding
Finding 2016-002 Federal Awards - Special Tests and Provisions In our review of the District's Title I program, we noted that the school site plan for San Pasqual Valley Elementary school did not contain all of the required components as identified in the code of federal regulations. Component five stating transition plans for assisting preschool children in the successful transition to the schoolwide program was not stated in the school site plan. Provide proper training to school site administrators and personnel to ensure all the required core elements and components are included in each school site plan.	Implemented	
Finding 2016-003 Attendance Reporting In review and testing of attendance for month six for the high school, elementary school, and continuation school, we noted teacher rosters were not printed and signed within one week of the end of the attendance period. Establish procedures to ensure all teachers are signing and dating the attendance rosters within one week after the end of the attendance period per state guidelines. Provide training to all attendance staff and teachers to ensure they understand the required procedures.	Partially Implemented	See Current Year Finding

Finding/Recommendation	Current Status	Management's Explanat If Not Implemented
Finding 2016-004 Instructional Materials In review of the resolution regarding the sufficiency of instructional textbooks and materials, there was no written determination of the availability of laboratory science equipment to laboratory science courses offered in grades nine to twelve. Implement procedures to ensure all requirements pursuant to the education code are stated in the resolution regarding the sufficiency of textbooks and instructional materials.	Implemented	
Finding 2016-005 School Accountability Report Card In review of the School Accountability Report Card (SARC) for San Pasqual Valley High School, the determination on the availability of laboratory science equipment for grades nine to twelve did not agree to the actual resolution. The SARC stated that the school had sufficient science laboratory equipment for grades nine to twelve; however, this was not stated or included in the resolution for sufficient text and instructional materials. Implement review procedures to ensure that the information within the SARC is consistent with the updated resolution of sufficiency of textbooks and instructional materials regarding the sufficiency of laboratory equipment for grade levels nine to twelve.	Implemented	