

HELENDALE SCHOOL DISTRICT

SAN BERNARDINO COUNTY
HELENDALE, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2018

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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Financial Section



INDEPENDENT AUDITOR’S REPORT

Jeanette L. Garcia,
CPA

To the Board of Trustees
Helendale School District
Helendale, 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 Helendale School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Helendale School 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 controls relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the Helendale School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, General Fund Budgetary Comparison Schedule on page 41, Charter School Fund Budgetary Comparison Schedule on page 42, Cafeteria Account Budgetary Comparison Schedule on page 43 and Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 44 and 45 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.

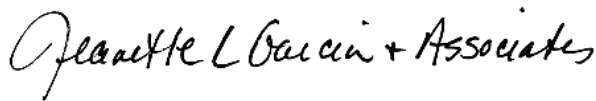
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Helendale School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of Helendale School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Helendale School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Helendale School District's internal control over financial reporting and compliance.



San Bernardino, California
December 14, 2018

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

INTRODUCTION

The Management's Discussion and Analysis of Helendale School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

Helendale School District serves 659 students in grades K-8. There is one elementary school, one 7-8 middle school, one charter high school and one independent study charter school. The 65 certificated, management and confidential employees and the 29 classified employees provide for the needs of the District's students. Helendale School District is located in the unincorporated area of San Bernardino County, serving the greater Helendale area and community of Silver Lakes.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

- This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the Helendale School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The "Statement of Net Position" and "Statement of Activities" provide information about the activities of the whole district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. "Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total.
- The major funds for Helendale School District are the General Fund, the Charter School Fund and the Cafeteria Account.
- The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

FINANCIAL HIGHLIGHTS

- School District's Government-Wide Statement of Net Position shows Total Net Position of \$1,671,730, the result of assets and deferred outflows of resources of \$22,054,949, less liabilities and deferred inflows of resources of \$20,383,219.
- The District implemented GASB Statement No. 68, which requires the District to report its proportionate share of the Net Pension Liabilities of CalPERS and CalSTRS. At June 30, 2018, the District's proportionate share of the Net Pension Liabilities was \$9,755,147.
- General revenues accounted for \$10,851,461 in revenue or 84% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,089,800 or 16% of total revenues of \$12,941,261.

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

- The District had \$13,698,904 in expenses related to governmental activities; only \$2,089,800 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state LCFF sources and property taxes) did not provide the remaining \$11,609,104 required for these programs. This resulted in a change in Net Position of \$(757,643).
- The General Fund reported a positive fund balance of \$2,326,473.

REPORTING THE DISTRICT AS A WHOLE

▪ THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Position" and "The Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. However, the Helendale School District's goal is to provide services to our students, not to generate profits as commercial entities do. The reader will need to consider other non-financial factors as well as factors such as property tax base, current property tax laws, student enrollment growth and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the "Statement of Net Position" and the "Statement of Activities," the District is divided into two distinct kinds of activities:

- Governmental Activities - Most of the District's programs and services are reported here, including instruction, pupil services including transportation and food services, administration, plant services, facilities acquisition and construction, interest on the long-term debt and other services.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Helendale School District does not conduct any of these types of activities at this time.

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

▪ FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

▪ GOVERNMENTAL FUNDS

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. Governmental funds include most of the primary funds of the District.

▪ FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds.

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

▪ 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.

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

▪ THE DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for both fiscal years 2017-18 and 2016-17.

Table 1 - Net Position

	<u>Governmental Activities</u>		%
	<u>2018</u>	<u>2017</u>	
Current and Other Assets	\$ 5,761,917	\$ 5,038,716	14.4
Capital Assets	13,447,846	11,180,562	20.3
Total Assets	<u>19,209,763</u>	<u>16,219,278</u>	18.4
Deferred Outflows of Resources	<u>2,845,186</u>	<u>1,901,170</u>	49.7
Current Liabilities	753,749	726,948	3.7
Long-Term Debt	19,266,681	14,626,086	31.7
Total Liabilities	<u>20,020,430</u>	<u>15,353,034</u>	30.4
Deferred Inflows of Resources	<u>362,789</u>	<u>338,041</u>	7.3
Net Position			
Net Investment in Capital Assets	4,125,655	4,028,891	2.4
Restricted	2,363,805	3,069,879	(23.0)
Unrestricted	(4,817,730)	(4,669,397)	3.2
Total Net Position	<u>\$ 1,671,730</u>	<u>\$ 2,429,373</u>	(31.2)

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

Table 2 shows the change in net position for fiscal years 2017-18 and 2016-17.

Table 2 - Change in Net Position

	<u>Governmental Activities</u>		% Change
	<u>2018</u>	<u>2017</u>	
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 39,345	\$ 41,730	(5.7)
Operating Grants and Contributions	2,050,455	1,476,258	38.9
<i>General Revenues:</i>			
Unrestricted Federal and State Sources	8,882,842	8,774,436	1.2
Property Taxes	1,165,082	1,178,272	(1.1)
Other General Revenues	803,537	813,746	(1.3)
Total Revenues	<u>12,941,261</u>	<u>12,284,442</u>	5.3
Expenses			
Instruction-Related	9,722,911	7,811,858	24.5
Pupil Services	821,435	699,068	17.5
Administration	1,299,332	985,638	31.8
Maintenance and Operations	1,135,685	988,065	14.9
Other	719,541	417,932	72.2
Total Expenses	<u>13,698,904</u>	<u>10,902,561</u>	25.6
Change in Net Position	<u>\$ (757,643)</u>	<u>\$ 1,381,881</u>	(154.8)

▪ GOVERNMENTAL ACTIVITIES

Charges for services, operating grants and contributions and capital grants and contributions made up 16% of revenues for governmental activities. General revenues not restricted to specific programs made up 84% of the total revenues available.

Instruction-related activities made up 71% of total expenses. Pupil services including home-to-school transportation and food services made up 6%. Administration including data processing made up 10%. Maintenance and operations including facility acquisition and construction made up 8%. Other expenses made up 5%.

The "Statement of Activities" shows the cost of program services and the charges for services and grants offsetting those services.

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

Table 3 shows the total cost of services and the net cost of services. The net cost of these services is the cost supported by tax revenue and unrestricted State entitlements.

Table 3 - Total and Net Cost of Governmental Activity

	Total Cost			
	2018	%	2017	%
Instruction-Related	\$ 9,722,911	71	\$ 7,811,858	72
Pupil Services	821,435	6	699,068	6
Administration	1,299,332	10	985,638	9
Maintenance and Operations	1,135,685	8	988,065	9
Other	719,541	5	417,932	4
Total	\$ 13,698,904	100	\$ 10,902,561	100

	Net Cost			
	2018	%	2017	%
Instruction-Related	\$ 8,683,452	75	\$ 6,662,448	71
Pupil Services	544,144	4	434,728	5
Administration	1,274,838	11	965,659	10
Maintenance and Operations	1,128,399	10	986,288	10
Other	(21,729)	-	335,450	4
Total	\$ 11,609,104	100	\$ 9,384,573	100

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year. By law, the Board of Trustees must adopt a Budget by June 30. In May of each year, a Preliminary Budget is presented to the Board. Time is allocated during the Board meeting for public input and Board direction. A proposed Final Budget is presented in early June, which reflects the latest known financial information, including the Governor's May Revision of the state budget. The Final Budget is presented for adoption in late June. During the course of the fiscal year, the District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on state budget adoption that are normally presented in August, adjustments to Actuals in September, First Interim which is normally presented in December, and Second Interim which is normally presented in March.

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

▪ GENERAL FUND BUDGET VARIATIONS

For the General Fund, actual revenues were \$7,218,662 with original budget estimated at \$6,890,335. The difference of \$328,327 was due to adjustments in LCFF Sources, State, and Local Revenues. Mandated Costs Reimbursements increased from Budget to Actuals by \$92,175.24. Lottery increased by \$18,063.53. California Clean Energy Jobs Act increased by \$19,225.00. Finally, STRS on Behalf was realized at \$226,100.00.

There are several reasons for expenditure budget revisions. Most notable are any negotiated salary increases approved by the Board of Trustees for District employees. Changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would require budget revisions.

The implementation of new instructional programs can also affect budget projections. New academically focused programs will impact expenditures in personnel, instructional materials, outside services and supplies.

▪ CAPITAL ASSETS AND DEBT ADMINISTRATION

• CAPITAL ASSETS

At the end of the fiscal year 2017-18, the District had \$13,447,846 invested in land, buildings and site improvements, and furniture and equipment. Table 4 shows both fiscal years 2017-18 and 2016-17 balances.

Table 4 - Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 190,269	\$ 190,269
Buildings and Site Improvements	10,104,560	10,283,792
Furniture and Equipment	616,881	706,501
Work In Progress	2,536,136	-
Total	\$ 13,447,846	\$ 11,180,562

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

- DEBT

At June 30, 2018, the Helendale School District had \$19,266,681 in outstanding debt. Table 5 summarizes these debts.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 3,001,671	\$ 3,226,671
Compensated Absences	189,343	142,454
Certificates of Participation	3,825,000	3,925,000
Capital Lease	2,495,520	-
Net Pension Liability	9,755,147	7,331,961
Total	\$ 19,266,681	\$ 14,626,086

FOR THE FUTURE

Helendale School District is committed to providing an excellent learning environment for all students. Programs that are implemented are aligned with the District's Local Control Accountability Plan (LCAP), which can be found on the District's website. The District is supporting the desire of our stakeholders to see more STEM and STEAM opportunities provided at Helendale Elementary School and Riverview Middle School. Elective classes continue to be provided in an attempt to expand the young minds of our student population. Positive Behavioral Intervention & Supports (PBIS) is used at both school sites to manage student behavior and to take a proactive approach to combating bullying. The District continues to expand its use of Common Core and its rigorous approach to student learning.

While the District's budget has grown due to LCFF implementation and student growth, those resources have leveled off and now the District is looking at maintaining and improving programs rather than adding them. Staff development and support for improving instruction has been and will continue to be a focus in coming years.

The Academy of Careers and Exploration is the District's dependent in seat high school charter program that focuses on academic results by preparing students for the world of careers. The school has added career components that focus on health and safety and is evaluating future programs to continue to expand career exploration for students. Athletics have become more prominent at ACE and continue to improve with teams being more competitive each season in the sports that the Eagles compete in.

The Independence Charter Academy program is designed to assist students and families looking for an educational plan outside of the traditional in-seat classroom setting by providing one-to-one support in independent study.

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2018

Helendale School District is committed to providing a quality academic program to its K-8 Elementary District, ACE 7-12 in-seat charter school and Independence Charter Academy. Helendale School District continues reaching for the future while remembering the past.

▪ CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deanna Dibble, Assistant Superintendent, Helendale School District, P.O. Box 249, Helendale, California 92342.

HELENDALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
 JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash (Note 2)	\$ 4,851,198
Accounts Receivable (Note 3)	906,810
Prepaid Expenditures	3,909
Total Current Assets	5,761,917
Capital Assets: (Note 6)	
Land	190,269
Site Improvements	6,129,443
Buildings	7,243,719
Furniture and Equipment	1,668,598
Work In Progress	2,536,136
Less Accumulated Depreciation	(4,320,319)
Total Capital Assets	13,447,846
TOTAL ASSETS	19,209,763
<u>DEFERRED OUTFLOWS OF RESOURCES</u> (Note 13)	2,845,187
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	753,749
Long-Term Liabilities: (Note 8)	
Portion Due or Payable Within One Year	273,099
Portion Due or Payable After One Year	18,993,582
Total Long-Term Liabilities	19,266,681
TOTAL LIABILITIES	20,020,430
<u>DEFERRED INFLOWS OF RESOURCES</u> (Note 13)	362,789
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,125,655
Restricted for:	
Capital Projects	824,893
Debt Service	234,629
Educational Programs	677,946
Other Purposes (Expendable)	612,428
Other Purposes (Nonexpendable)	13,909
Unrestricted	(4,817,730)
TOTAL NET POSITION	\$ 1,671,730

The Notes to Financial Statements are an integral part of this statement.

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

Activities	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental:					
Instruction	\$ 8,168,566	\$ 26	\$ 987,929	\$ -	\$ (7,180,611)
Instruction-Related Services:					
Supervision of Instruction	42,168	1	12,341	-	(29,826)
Instructional Library, Media and Technology	190,518	-	-	-	(190,518)
School Site Administration	1,321,659	-	39,162	-	(1,282,497)
Pupil Services:					
Home-to-School Transportation	346,600	-	-	-	(346,600)
Food Services	321,141	39,312	214,639	-	(67,190)
All Other Pupil Services	153,694	2	23,338	-	(130,354)
General Administration:					
Data Processing	52,204	-	-	-	(52,204)
All Other General Administration	1,247,128	-	24,494	-	(1,222,634)
Plant Services	1,135,685	-	7,286	-	(1,128,399)
Ancillary Services	165,157	-	2,579	-	(162,578)
Interest on Long-Term Debt	367,132	-	-	-	(367,132)
Other Outgo	187,252	4	738,687	-	551,439
Total Governmental Activities	\$ 13,698,904	\$ 39,345	\$ 2,050,455	\$ -	\$ (11,609,104)
General Revenues:					
Taxes:					
					982,201
Property Taxes, levied for general purposes					180,043
Property Taxes, levied for debt service					2,838
Property Taxes, levied for other specific purposes					8,882,842
Federal and State Aid not restricted to specific purposes					54,965
Interest and Investment Earnings					748,572
Miscellaneous					
Total General Revenues					10,851,461
Change in Net Position					(757,643)
Net Position - July 1, 2017					2,429,373
Net Position - June 30, 2018					\$ 1,671,730

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2018

	GENERAL FUND	CHARTER SCHOOL FUND	CAFTERIA ACCOUNT	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash (Note 2)					
Cash in County Treasury	\$ 1,868,827	\$ 1,850,818	\$ -	\$ 1,057,756	\$ 4,777,401
Cash on Hand and in Banks	-	-	63,797	-	63,797
Cash in Revolving Fund	10,000	-	-	-	10,000
Accounts Receivable (Note 3)	826,625	29,643	48,226	2,316	906,810
Due from Other Funds (Note 4A)	199,735	83,373	34,858	-	317,966
Prepaid Expenditures	2,427	1,482	-	-	3,909
TOTAL ASSETS	\$ 2,907,614	\$ 1,965,316	\$ 146,881	\$ 1,060,072	\$ 6,079,883
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts Payable	\$ 462,910	\$ 95,900	\$ 16,695	\$ 550	\$ 576,055
Due to Other Funds (Note 4A)	118,231	74,549	125,186	-	317,966
Total Liabilities	581,141	170,449	141,881	550	894,021
Fund Balances (Note 5)					
Nonspendable	12,427	1,482	-	-	13,909
Restricted	234,755	443,191	5,000	1,059,520	1,742,466
Assigned	607,428	1,350,194	-	2	1,957,624
Unassigned	1,471,863	-	-	-	1,471,863
Total Fund Balances	2,326,473	1,794,867	5,000	1,059,522	5,185,862
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,907,614	\$ 1,965,316	\$ 146,881	\$ 1,060,072	\$ 6,079,883

The Notes to Financial Statements are an integral part of this statement.

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

Total Fund Balances - Governmental Funds		\$ 5,185,862
Amounts reported for governmental activities in the statement of net position are different because:		
In the governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is \$17,768,165 and the accumulated depreciation is \$4,320,319.		13,447,846
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 statements, it is recognized in the period that it is incurred.		(177,693)
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 at year-end consists of:		
General Obligation Bonds	\$ 3,001,671	
Compensated Absences	189,343	
Capital Lease	3,825,000	
Certificates of Participation	2,495,520	
Net Pension Liability	<u>9,755,147</u>	(19,266,681)
In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:		
Deferred outflows of resources related to pensions		2,845,186
Deferred inflows of resources related to pensions		(362,789)
Adjustment for Rounding.		<u>(1)</u>
Total Net Position - Governmental Activities		<u>\$ 1,671,730</u>

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT E

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

	GENERAL FUND	CHARTER SCHOOL FUND	CAFETERIA ACCOUNT	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Control Funding Formula Sources:					
State Apportionments	\$ 4,150,215	\$ 3,685,673	\$ -	\$ -	\$ 7,835,888
Education Protection Accounts Funds	823,176	489,889	-	-	1,313,065
Local Sources	982,200	-	-	-	982,200
LCFF Transfers	(796,437)	136,966	-	-	(659,471)
Total LCFF Sources	5,159,154	4,312,528	-	-	9,471,682
Federal Revenues	297,903	79,256	199,066	-	576,225
Other State Revenues	749,013	756,399	15,353	1,952	1,522,717
Other Local Revenues	1,012,592	105,640	39,531	212,875	1,370,638
Total Revenues	7,218,662	5,253,823	253,950	214,827	12,941,262
EXPENDITURES					
Instruction	4,051,279	2,861,228	-	-	6,912,507
Instruction-Related Services:					
Supervision of Instruction	33,233	5,621	-	-	38,854
Instructional Library, Media and Technology	79,202	78,486	-	-	157,688
School Site Administration	506,753	603,744	-	-	1,110,497
Pupil Services:					
Home-to-School Transportation	181,906	185,174	-	-	367,080
Food Services	-	-	288,808	-	288,808
All Other Pupil Services	69,492	59,114	-	-	128,606
General Administration:					
Data Processing	38,968	11,649	-	-	50,617
All Other General Administration	763,108	271,394	-	-	1,034,502
Plant Services	578,326	405,699	-	44,627	1,028,652
Facilities Acquisition and Construction	2,510,446	6,469	-	74,176	2,591,091
Ancillary Services	21,823	130,275	-	-	152,098
Other Outgo	186,252	-	-	1,000	187,252
Debt Service:					
Principal	6,615	8,311	-	325,000	339,926
Interest	32,522	40,858	-	130,381	203,761
Total Expenditures	9,059,925	4,668,022	288,808	575,184	14,591,939
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(1,841,263)	585,801	(34,858)	(360,357)	(1,650,677)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In (Note 4B)	-	-	34,858	325,881	360,739
Interfund Transfers Out (Note 4B)	(360,739)	-	-	-	(360,739)
Proceeds From Capital Leases	2,510,446	-	-	-	2,510,446
Total Other Financing Sources (Uses)	2,149,707	-	34,858	325,881	2,510,446
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)					
	308,444	585,801	-	(34,476)	859,769
FUND BALANCES - JULY 1, 2017					
	2,018,029	1,209,066	5,000	1,093,998	4,326,093
FUND BALANCES - JUNE 30, 2018					
	\$ 2,326,473	\$ 1,794,867	\$ 5,000	\$ 1,059,522	\$ 5,185,862

The Notes to Financial Statements are an integral part of this statement.

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

Total Net Change in Fund Balances - Governmental Funds \$ 859,769

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$2,628,692 exceeds depreciation expense of \$353,6653 in the period. 2,275,027

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 339,926

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. (2,510,446)

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue in the statement of activities, only the resulting gain or loss is reported. (7,743)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. (163,370)

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. (46,889)

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. (1,503,918)

Adjustment for Rounding. 1

Change in Net Position of Governmental Activities \$ (757,643)

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash (Note 2)	
Cash on Hand and in Banks	\$ 28,313
Accounts Receivable	7,871
	36,184
TOTAL ASSETS	\$ 36,184
<u>LIABILITIES</u>	
Due to Student Groups	\$ 36,184
TOTAL LIABILITIES	\$ 36,184

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Helendale School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The 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 as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into major, nonmajor, and fiduciary funds.

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Charter School Fund is used to account for resources dedicated to charter school programs maintained by the District.

Cafeteria Account is used to account for revenues received and expenditures made to operate the District's food service operations.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital outlay and that compose a substantial portion of the fund's resources. The District maintains one nonmajor special revenue funds.

- Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property. To comply with GASB 54 requirements, the Deferred Maintenance Fund has been combined with the General Fund for reporting purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains one nonmajor debt service fund.

- The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest and related costs.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains three nonmajor capital projects funds.

- Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.
- Capital Facilities Fund is used to account for resources received from developer fees expended for maintenance of District facilities.
- Special Reserve Fund is used to account for revenues received and expenditures made in connection with capital asset replacement as deemed necessary by Board action.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By State law, the District's Board of Trustees 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 Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2018.

Formal budgetary integration was employed 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 account.

Accounting Estimates

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

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 outstanding encumbrances were liquidated at June 30.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Playground Equipment	20
Furniture and Equipment	5 - 10
Computer Equipment	5
Licensed Vehicles	8
Land Improvements	20
School/Office Buildings	50
Construction in Progress	0
Portable Structures	25

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long-term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Reserves and Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District's highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension 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	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a new Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Full implementation of LCFF is estimated to be in fiscal year 2018-19. Until then, the District will receive approximately the same level of funding as in 2012-13, plus an additional amount each year to bridge the gap between current year funding and the LCFF target levels.

The County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

The County Auditor reports the amount of the District’s allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

The California Department of Education reduces the District’s entitlement by the District’s local property tax revenue. The balance is paid from the State General Fund, and is known as the State Apportionment.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) statements are effective for the FY 2017-18 financial statement audits:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

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). 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.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The Statement is effective for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.
- GASB Statement No. 85, *Omnibus 2017*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

2. CASH AND DEPOSITS

Cash at June 30, 2018, consisted of the following:

	Governmental Funds	Fiduciary Funds	Total
Pooled Funds:			
Cash in County Treasury	\$ 4,777,401	\$ -	\$ 4,777,401
Deposits:			
Cash on Hand and in Banks	63,797	28,313	92,110
Cash in Revolving Fund	10,000	-	10,000
Total	\$ 4,851,198	\$ 28,313	\$ 4,879,511

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Bernardino County Treasury as part of the investment pool (\$7,015,922,470 as of June 30, 2018). 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. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The fair market value of this pool as of June 30, 2018, as provided by the pool sponsor, was \$6,982,885,001. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest 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.

Interest Rate Risk

Interest rate risk is the risk that changes in market 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 Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the San Bernardino County Investment Pool with a fair value of approximately \$4,754,905 and an amortized book value of \$4,777,401. The average weighted maturity for this pool is 349 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, 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 public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

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.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

	GENERAL FUND	CHARTER SCHOOL FUND	CAFETERIA ACCOUNT	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Federal Sources					
Categorical Aid Programs	\$ 172,345	\$ -	\$ -	\$ -	\$ 172,345
Child Nutrition Program	-	-	44,783	-	44,783
Total Federal	172,345	-	44,783	-	217,128
State Sources					
Categorical	1,361	1,830	-	-	3,191
Child Nutrition Program	-	-	3,443	-	3,443
Lottery	19,241	14,130	-	-	33,371
Total State	20,602	15,960	3,443	-	40,005
Local Sources					
Charter Schools	506,539	-	-	-	506,539
Interest	10,317	7,266	-	2,316	19,899
Other	116,822	6,417	-	-	123,239
Total Local	633,678	13,683	-	2,316	649,677
Total Receivables	\$ 826,625	\$ 29,643	\$ 48,226	\$ 2,316	\$ 906,810

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. 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/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 among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2018, are as follows:

DUE FROM	DUE TO			
	GENERAL FUND	CHARTER SCHOOL FUND	CAFETERIA ACCOUNT	TOTAL
General Fund	\$ -	\$ 83,373	\$ 34,858	\$ 118,231
Charter School Fund	74,549	-	-	74,549
Cafeteria Account	125,186	-	-	125,186
Total	\$ 199,735	\$ 83,373	\$ 34,858	\$ 317,966

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2017-18 fiscal year were as follows:

	TRANSFERS TO		
TRANSFERS FROM	CAFETERIA ACCOUNT	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
General Fund	\$ 34,858	\$ 325,881	\$ 360,739

5. FUND BALANCE

Ending fund balance in the governmental funds is composed of the following elements:

	GENERAL FUND	CHARTER SCHOOL FUND	CAFETERIA ACCOUNT	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Nonspendable:					
Revolving Fund	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Prepaid Expenditures	2,427	1,482	-	-	3,909
Total Nonspendable	12,427	1,482	-	-	13,909
Restricted for:					
Legally Restricted Balances	234,755	443,191	5,000	1,059,520	1,742,466
Assigned for:					
Other Assignments	607,428	1,350,194	-	2	1,957,624
Unassigned for:					
Reserve for Economic Uncertainties	276,409	-	-	-	276,409
Unassigned	1,195,454	-	-	-	1,195,454
Total Unassigned	1,471,863	-	-	-	1,471,863
Total Fund Balances	\$ 2,326,473	\$ 1,794,867	\$ 5,000	\$ 1,059,522	\$ 5,185,862

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2018, is shown below:

PRIMARY GOVERNMENT				
	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Land	\$ 190,269	\$ -	\$ -	\$ 190,269
Site Improvements	6,118,983	54,954	44,494	6,129,443
Buildings	7,258,641	-	14,922	7,243,719
Furniture and Equipment	2,051,247	37,602	420,251	1,668,598
Work in Progress	-	2,536,136	-	2,536,136
	15,619,140	2,628,692	479,667	17,768,165
Less Accumulated Depreciation for:				
Site Improvements	822,737	87,723	44,494	865,966
Buildings	2,271,095	140,494	8,953	2,402,636
Furniture and Equipment	1,344,746	125,448	418,477	1,051,717
	4,438,578	353,665	471,924	4,320,319
Governmental Activities Capital Assets, Net	\$ 11,180,562	\$ 2,275,027	\$ 7,743	\$ 13,447,846

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	\$ 216,924
Supervision of Instruction	1,219
Instructional Library, Media and Technology	4,948
School Site Administration	34,849
Home-to-School Transportation	11,520
Food Services	9,063
All Other Pupil Services	4,036
All Other General Administration	32,464
Centralized Data Processing	1,588
Plant Services	32,281
Ancillary Services	4,773
	\$ 353,665
Total Depreciation Expense	\$ 353,665

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

7. OPERATING LEASE

The District has entered into agreements for a photocopier and classroom modular under operating leases.

At June 30, 2018, the future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2019	\$ 26,448
2020	9,858
2021	2,936
Total	<u>\$ 39,242</u>

8. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds	\$ 3,226,671	\$ -	\$ 225,000	\$ 3,001,671	\$ 99,319
Compensated Absences	142,454	46,889	-	189,343	-
Certificates of Participation	3,925,000	-	100,000	3,825,000	100,000
Capital Leases	-	2,510,446	14,926	2,495,520	73,780
Net Pension Liability	7,331,961	2,423,186	-	9,755,147	-
Total	<u>\$ 14,626,086</u>	<u>\$ 4,980,521</u>	<u>\$ 339,926</u>	<u>\$ 19,266,681</u>	<u>\$ 273,099</u>

9. BONDED DEBT

The outstanding General Obligation Bonded Debt of the District at June 30, 2018, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2017	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2018
2009 Series	11/04/09	2035	2.00-12.00%	<u>\$ 4,001,671</u>	<u>\$ 3,226,671</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 3,001,671</u>

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

The annual requirement to amortize the 2009 Series, General Obligation Bonds Payable, outstanding at June 30, 2018, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 99,319	\$ 175,681	\$ 275,000
2020	101,250	364,875	466,125
2021	12,873	334,377	347,250
2022	19,095	358,155	377,250
2023	20,394	371,856	392,250
2024-28	434,030	1,655,389	2,089,419
2029-33	-	961,562	961,562
2034-35	2,314,709	107,656	2,422,365
Total	\$ 3,001,670	\$ 4,329,551	\$ 7,331,221

10. COMPENSATED ABSENCES

The total unpaid employee compensated absences as of June 30, 2018, amounted to \$189,343, which has been included in General Long-Term Debt.

11. CERTIFICATES OF PARTICIPATION

In 2012, the Helendale School District issued 2012 Refunding Certificates of Participation in the amount of \$4,120,000 with interest rates ranging from 3.00 to 3.75 percent. At June 30, 2018, the principal balance outstanding was \$3,825,000.

Future Minimum Payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 100,000	\$ 123,881	\$ 223,881
2020	105,000	121,831	226,831
2021	105,000	119,731	224,731
2022	110,000	117,444	227,444
2023	110,000	114,831	224,831
2024-28	610,000	523,876	1,133,876
2029-33	725,000	419,106	1,144,106
2034-38	885,000	282,241	1,167,241
2039-43	1,075,000	103,406	1,178,406
Total	\$ 3,825,000	\$ 1,926,347	\$ 5,751,347

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

12. CAPITAL LEASE

The District entered into a Lease Purchase Agreement for the purchase, acquisition and installation of an Energy Efficiency Project. The total financial amount was \$2,510,446. Principal and interest payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 73,780	\$ 72,944	\$ 146,724
2020	82,781	70,787	153,568
2021	92,363	68,368	160,731
2022	102,561	65,668	168,229
2023	113,407	62,670	176,077
2024-28	811,047	253,471	1,064,518
2029-33	<u>1,219,581</u>	<u>112,437</u>	<u>1,332,018</u>
Total	<u>\$ 2,495,520</u>	<u>\$ 706,345</u>	<u>\$ 3,201,865</u>

13. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). 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. CalPERS and CalSTRS 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.

Benefits Provided

CalPERS and CalSTRS 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 service credit for each 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.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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

	CalPERS		CalSTRS	
	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>
Hire Date				
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	7.000%	6.500%	10.250%	9.205%
Required employer contribution rates	15.531%	15.531%	14.430%	14.430%

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

Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 6.00%, and the employer contribution rate was 13.88% of annual payroll. For the fiscal year ending June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 15.531%.

Contributions - CalSTRS

For the measurement period ended June 30, 2017 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions 9.205% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 12.58% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Section 22950.5 states, "For fiscal year 2021-22 and each fiscal year thereafter, the board shall increase or decrease the percentages paid specified in this section from the percentage paid during the prior fiscal year 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."

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date), the State contributed 9.117017% 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.

Contributions Recognized

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each plan were as follows:

	<u>CalPERS</u>	<u>CalSTRS</u>
Contributions - Employer	\$ 154,244	\$ 553,244
Contributions - Employee (paid by employer)	66,638	404,818
Contributions - State On-Behalf Payments	-	282,321
	<u> </u>	<u> </u>
Total	<u>\$ 220,882</u>	<u>\$ 1,240,383</u>

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

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

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 2,079,307
CalSTRS	<u>7,675,840</u>
Total Net Pension Liability	<u>\$ 9,755,147</u>

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

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$2,750,512. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,248,339	\$ -
Differences between actual and expected experience	102,879	133,879
Changes in assumptions	1,422,039	24,481
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	71,930	204,429
Total	\$ 2,845,187	\$ 362,789

\$1,248,339 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30		
2019	\$	342,328
2020		590,990
2021		414,890
2022		(114,150)
Total	\$	1,234,058

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

Actuarial Assumptions

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

	<u>CalPERS</u>	<u>CalSTRS</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.50%
Projected Salary Increase	Varies *	Varies *
Investment Rate of Return	7.50% #	7.10% #
Mortality	Varies &	Varies &

* Depending on age, service and type of employment

Net of pension plan investment expenses, including inflation

& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for CalPERS and 7.10% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS 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.

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

CalPERS and CalSTRS 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, CalPERS and CalSTRS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2018-19 fiscal year. CalPERS and CalSTRS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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

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

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

<u>Asset Class</u>	<u>CalSTRS</u>	
	<u>Assumed Assets Allocation</u>	<u>Long Term Expected Rate of Return*</u>
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Inflation Sensitive	4.00%	3.80%
Private Equity	13.00%	9.30%
Real Estate	13.00%	5.20%
Liquidity	2.00%	-1.00%
Absolute Return/Risk Mitigating	9.00%	2.90%

* 20-year average

<u>Asset Class</u>	<u>CalPERS</u>		
	<u>Strategic Allocation</u>	<u>Real Return (Years 1-10) *</u>	<u>Real Return (Years 11+) #</u>
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

* An expected inflation of 2.5% used for this period

An expected inflation of 3.0% used for this period

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

Sensitivity of 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:

	CalPERS	CalSTRS
1% Decrease	6.15%	6.10%
Net Pension Liability	\$ 3,059,327	\$ 11,270,570
Current Discount Rate	7.15%	7.10%
Net Pension Liability	\$ 2,079,307	\$ 7,675,840
1% Increase	8.15%	8.10%
Net Pension Liability	\$ 1,266,298	\$ 4,758,473

Pension Plan Fiduciary Net Position

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

14. JOINT POWERS AGREEMENTS

The District is a member of one Joint Powers Authority (JPA).

The California Schools Risk Management (CSRSM) provides excess liability coverage over amounts covered by CSEBA.

The above JPA, established pursuant to the provisions of the California Government Code, has local public educational agencies, mostly school districts, as participants. Each participating district has one seat and one vote in the governing body of the JPA.

The JPA is independently accountable for their fiscal matters and it maintains their own accounting records. Budgets are not subject to any approval other than that of the JPA governing board. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationship between the Helendale School District and the JPA was such that the JPA was not a component unit of the District for financial reporting purposes.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

Condensed financial information on the CSRM is as follows:

	Audited June 30, 2017
Total Assets	\$ 69,092,311
Total Liabilities	23,878,775
Net Position	\$ 45,213,536
Total Revenues	\$ 48,325,469
Total Expenditures	42,195,441
Net Increase (Decrease) in Net Position	\$ 6,130,028

15. COMMITMENTS AND CONTINGENCIES

A. Federal Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to 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.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

C. Construction Commitments

As of June 30, 2018, the District had no commitments with respect to unfinished capital projects.

Required Supplementary
Information

HELENDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Control Funding Formula Sources:				
State Apportionments	\$ 4,231,677	\$ 4,186,082	\$ 4,150,215	\$ (35,867)
Education Protection Account Funds	753,903	823,176	823,176	-
Local Sources	149,529	179,789	185,763	5,974
Total LCFF Sources	<u>5,135,109</u>	<u>5,189,047</u>	<u>5,159,154</u>	<u>(29,893)</u>
Federal Revenues	361,106	297,813	297,903	90
Other State Revenues	390,726	739,458	749,013	9,555
Other Local Revenues	1,003,414	1,002,375	1,012,592	10,217
Total Revenues	<u>6,890,355</u>	<u>7,228,693</u>	<u>7,218,662</u>	<u>(10,031)</u>
<u>EXPENDITURES</u>				
Certificated Salaries	2,845,868	2,929,083	2,948,346	(19,263)
Classified Salaries	881,745	929,697	859,555	70,142
Employee Benefits	1,369,955	1,693,541	1,549,472	144,069
Books and Supplies	219,245	335,520	198,892	136,628
Services and Other Operating Expenditures	653,711	850,618	737,140	113,478
Other Outgo	191,928	202,221	183,752	18,469
Capital Outlay	555,950	366,168	2,543,631	(2,177,463)
Debt Service:				
Principal	-	6,615	6,615	-
Interest	-	32,522	32,522	-
Total Expenditures	<u>6,718,402</u>	<u>7,345,985</u>	<u>9,059,925</u>	<u>(1,713,940)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>171,953</u>	<u>(117,292)</u>	<u>(1,841,263)</u>	<u>(1,723,971)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(325,881)	(325,881)	(360,739)	(34,858)
Proceeds from Capital Leases	-	-	2,510,446	2,510,446
Total Financing Sources (Uses)	<u>(325,881)</u>	<u>(325,881)</u>	<u>2,149,707</u>	<u>2,475,588</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (153,928)</u>	<u>\$ (443,173)</u>	<u>308,444</u>	<u>\$ 751,617</u>
<u>FUND BALANCE - JULY 1, 2017</u>			<u>2,018,001</u>	
<u>FUND BALANCE - JUNE 30, 2018</u>			<u>\$ 2,326,445</u>	

See accompanying Notes to Required Supplementary Information.

HELENDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHARTER SCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Control Funding Formula Sources:				
State Apportionments	\$ 4,079,450	\$ 3,683,465	\$ 3,685,673	\$ 2,208
Education Protection Account Funds	422,491	489,889	489,889	-
LCFF Transfers	129,041	131,442	136,966	5,524
Total LCFF Sources	<u>4,630,982</u>	<u>4,304,796</u>	<u>4,312,528</u>	<u>7,732</u>
Federal Revenues	68,876	79,168	79,256	88
Other State Revenues	404,247	747,155	756,399	9,244
Other Local Revenues	83,102	97,774	105,640	7,866
Total Revenues	<u>5,187,207</u>	<u>5,228,893</u>	<u>5,253,823</u>	<u>24,930</u>
<u>EXPENDITURES</u>				
Certificated Salaries	1,941,911	2,227,586	2,010,371	217,215
Classified Salaries	522,251	566,851	563,073	3,778
Employee Benefits	962,144	1,155,157	1,053,986	101,171
Books and Supplies	206,743	314,420	232,046	82,374
Services and Other Operating Expenditures	910,188	823,871	752,908	70,963
Capital Outlay	396,950	179,244	6,469	172,775
Debt Service:				
Principal	-	8,311	8,311	-
Interest	-	40,858	40,858	-
Total Expenditures	<u>4,940,187</u>	<u>5,316,298</u>	<u>4,668,022</u>	<u>648,276</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>\$ 247,020</u>	<u>\$ (87,405)</u>	585,801	<u>\$ 673,206</u>
<u>FUND BALANCE</u> - JULY 1, 2017			<u>1,209,066</u>	
<u>FUND BALANCE</u> - JUNE 30, 2018			<u>\$ 1,794,867</u>	

See accompanying Notes to Required Supplementary Information

HELENDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAFETERIA ACCOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Federal Revenues	\$ 150,000	\$ 199,066	\$ 199,066	\$ -
Other State Revenues	11,000	15,353	15,353	-
Other Local Revenues	46,090	39,531	39,531	-
Total Revenues	207,090	253,950	253,950	-
<u>EXPENDITURES</u>				
Classified Salaries	86,764	96,781	96,781	-
Employee Benefits	19,916	28,406	28,406	-
Books and Supplies	161,590	158,665	158,665	-
Services and Other Operating Expenditures	(61,180)	(29,901)	4,956	(34,857)
Total Expenditures	207,090	253,951	288,808	(34,857)
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	-	(1)	(34,858)	(34,857)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	34,858	34,858
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
	\$ -	\$ (1)	-	\$ 1
<u>FUND BALANCE - JULY 1, 2017</u>			5,000	
<u>FUND BALANCE - JUNE 30, 2018</u>			\$ 5,000	

See accompanying Notes to Required Supplementary Information

HELENDALE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS/CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CalPERS				
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.00871%	0.00772%	0.00721%	0.00565%
District's proportionate share of the net pension liability	\$ 2,079,307	\$ 1,524,705	\$ 1,062,761	\$ 641,413
District's covered-employee payroll	\$ 1,110,628	\$ 926,336	\$ 797,876	\$ 592,947
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.22%	164.60%	133.20%	101.17%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%
CalSTRS				
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.00830%	0.00718%	0.00764%	0.00587%
District's proportionate share of the net pension liability	\$ 7,675,840	\$ 5,807,256	\$ 5,143,554	\$ 3,430,252
State's proportionate share of the net pension liability associated with the District	2,853,110	2,106,872	1,779,320	1,291,490
Total	\$ 10,528,950	\$ 7,914,128	\$ 6,922,874	\$ 4,721,742
District's covered-employee payroll	\$ 4,397,806	\$ 3,566,980	\$ 3,281,903	\$ 2,599,455
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.54%	162.81%	156.72%	131.96%
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%

* 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.

HELENDALE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALPERS/CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CalPERS				
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	2015
Contractually required contribution	\$ 185,493	\$ 154,269	\$ 109,743	\$ 93,918
Contributions in relation to the contractually required contribution	185,493	154,269	109,743	93,918
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,194,341	\$ 1,110,808	\$ 926,336	\$ 797,876
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%
CalSTRS				
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 693,658	\$ 550,572	\$ 382,737	\$ 291,433
Contributions in relation to the contractually required contribution	693,658	550,572	382,737	291,433
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,807,052	\$ 4,373,386	\$ 3,566,980	\$ 3,281,903
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

* 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.

HELENDALE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Appropriations Category	Excess Expenditures
General Fund	
Certificated Salaries	\$ 19,263
Capital Outlay	2,177,463
Cafeteria Account	
Service and Other Expenditures	34,857

2. PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

These schedules are required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportion share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

Supplementary Information

HELENDALE SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
 JUNE 30, 2018

	<u>BOND INTEREST AND REDEMPTION FUND</u>
<u>ASSETS</u>	
Cash	
Cash in County Treasury	\$ 234,629
TOTAL ASSETS	<u>\$ 234,629</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ -
Fund Balance	
Restricted	<u>234,629</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 234,629</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BOND INTEREST AND REDEMPTION FUND
<u>REVENUES</u>	
Other State Revenues	\$ 1,952
Other Local Revenues	182,837
	184,789
 <u>EXPENDITURES</u>	
Debt Service:	
Principal	225,000
Interest	4,500
	229,500
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (44,711)
 <u>FUND BALANCE</u> - JULY 1, 2017	 279,340
 <u>FUND BALANCE</u> - JUNE 30, 2018	 \$ 234,629

The Notes to Financial Statements are an integral part of this statement.

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

	<u>BUILDING FUND</u>	<u>CAPITAL FACILITIES FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash				
Cash in County Treasury	\$ 2	\$ 434,230	\$ 388,895	\$ 823,127
Accounts Receivable	-	1,142	1,174	2,316
	<u>2</u>	<u>435,372</u>	<u>390,069</u>	<u>825,443</u>
TOTAL ASSETS	\$ 2	\$ 435,372	\$ 390,069	\$ 825,443
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$ -	\$ 550	\$ -	\$ 550
Fund Balances				
Restricted	-	434,822	390,069	824,891
Assigned	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Fund Balances	<u>2</u>	<u>434,822</u>	<u>390,069</u>	<u>824,893</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2	\$ 435,372	\$ 390,069	\$ 825,443

The Notes to Financial Statements are an integral part of this statement.

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

	BUILDING FUND	CAPITAL FACILITIES FUND	SPECIAL RESERVE FUND	TOTAL
<u>REVENUES</u>				
Other Local Revenues	\$ -	\$ 27,714	\$ 2,324	\$ 30,038
<u>EXPENDITURES</u>				
Plant Services	-	44,077	550	44,627
Facilities Acquisition and Construction	-	20,458	53,718	74,176
Other Outgo	-	1,000	-	1,000
Debt Service:				
Principal	-	100,000	-	100,000
Interest	-	125,881	-	125,881
Total Expenditures	-	291,416	54,268	345,684
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(263,702)	(51,944)	(315,646)
OTHER FINANCING SOURCE (USES)				
Interfund Transfers In	-	225,881	100,000	325,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	(37,821)	48,056	10,235
<u>FUND BALANCES - JULY 1, 2017</u>	<u>2</u>	<u>472,643</u>	<u>342,013</u>	<u>814,656</u>
<u>FUND BALANCES - JUNE 30, 2018</u>	<u>\$ 2</u>	<u>\$ 434,822</u>	<u>\$ 390,069</u>	<u>\$ 824,893</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
STUDENT BODY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BALANCE JULY 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
<u>HELENDALE ELEMENTARY SCHOOL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 7,926	\$ 13,608	\$ 8,915	\$ 12,619
Accounts Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 7,926</u>	<u>\$ 13,608</u>	<u>\$ 8,915</u>	<u>\$ 12,619</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 7,926	\$ 13,608	\$ 8,915	\$ 12,619
TOTAL LIABILITIES	<u>\$ 7,926</u>	<u>\$ 13,608</u>	<u>\$ 8,915</u>	<u>\$ 12,619</u>
<u>RIVERVIEW MIDDLE SCHOOL/ ACADEMY OF CAREERS AND EXPLORATION</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 16,103	\$ 111,596	\$ 111,616	\$ 16,083
Accounts Receivable	-	7,871	-	7,871
TOTAL ASSETS	<u>\$ 16,103</u>	<u>\$ 119,467</u>	<u>\$ 111,616</u>	<u>\$ 23,954</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 16,103	\$ 119,467	\$ 111,616	\$ 23,954
TOTAL LIABILITIES	<u>\$ 16,103</u>	<u>\$ 119,467</u>	<u>\$ 111,616</u>	<u>\$ 23,954</u>
<u>INDEPENDENCE CHARTER ACADEMY</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 1,434	\$ 706	\$ 1,749	\$ 391
Accounts Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 1,434</u>	<u>\$ 706</u>	<u>\$ 1,749</u>	<u>\$ 391</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 1,434	\$ 706	\$ 1,749	\$ 391
TOTAL LIABILITIES	<u>\$ 1,434</u>	<u>\$ 706</u>	<u>\$ 1,749</u>	<u>\$ 391</u>
<u>TOTAL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 25,463	\$ 125,910	\$ 122,280	\$ 29,093
Accounts Receivable	-	7,871	-	7,871
TOTAL ASSETS	<u>\$ 25,463</u>	<u>\$ 133,781</u>	<u>\$ 122,280</u>	<u>\$ 36,964</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 25,463	\$ 133,781	\$ 122,280	\$ 36,964
TOTAL LIABILITIES	<u>\$ 25,463</u>	<u>\$ 133,781</u>	<u>\$ 122,280</u>	<u>\$ 36,964</u>

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
BOARD OF TRUSTEES AND ORGANIZATION
 JUNE 30, 2018

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Barbara Schneider	President	December 2018
Frank Melendez	Clerk	December 2018
Heather Allgood	Representative	December 2018
Herm Engelhardt	Member	December 2016
Julie Wilbanks	Member	December 2018

ADMINISTRATION

Ross Swearingen	Superintendent
Deanna Dibble	Assistant Superintendent
Dr. Michael Esposito	Director of Pupil Services and Independence Charter Academy
Joshua Maze	Director of Maintenance, Operations, Transportation and Technology
Chet Richards	Principal - Riverview Middle School and The Academy of Careers and Exploration
Cindy Espinoza	Principal - Helendale Elementary School
Kelly Henderson	School Administrative Manager

ORGANIZATION

The Helendale School District is a public school system located in the high desert of Southern California. Historically speaking, the Helendale School District is one of the oldest school districts in the high desert. Known originally as the Mojave School District and founded on February 4, 1877, it began as a small one room school on the Berge Ranch. Over time, the District has evolved to meet the needs of the community while always focusing on student academics, school safety and small class sizes in order for students to pursue their American Dream.

The District provides instruction at four schools on three different sites. Helendale Elementary school provides instruction for kindergarten through sixth grade. Helendale Secondary School is home to Riverview Middle School and The Academy of Careers and Exploration (ACE) charter school. Riverview Middle School provides instruction for seventh and eighth grade. ACE charter school provides in seat instruction for seventh through twelfth grade and also provides instruction for kindergarten through twelfth grade through independent study. Independence Charter Academy (ICA) is located at the District office site. ICA provides independent study instruction for kindergarten through the twelfth grade. The school district covers a total area of 330 square miles. There were no changes in the District’s boundaries in the current year.

HELENDALE SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Second Period Report	Annual Report
<u>Helendale School District</u>	<u>214F400D</u>	<u>15A85EFA</u>
TK/K-3		
Regular	<u>278.17</u>	<u>278.81</u>
Grades 4-6		
Regular	<u>193.64</u>	<u>194.11</u>
Grades 7-8		
Regular	149.55	147.71
Special Education	0.68	0.43
Extended Year Special Education - NPS	<u>0.20</u>	<u>0.20</u>
Subtotal Grades 7- 8	<u>150.43</u>	<u>148.34</u>
Grand Total	<u><u>622.24</u></u>	<u><u>621.26</u></u>
	Second Period	Annual
	Report	Report
<u>Academy of Careers and Exploration</u>	<u>49A4924C</u>	<u>E8613051</u>
Grades 7-8		
Classroom-Based	21.28	20.66
Grades 9-12		
Classroom-Based	<u>262.69</u>	<u>259.27</u>
Grand Total	<u><u>283.97</u></u>	<u><u>279.93</u></u>
	Second Period	Annual
	Report	Report
<u>Independence Charter Academy</u>	<u>93F32ACA</u>	<u>1EC8CEB6</u>
TK/K-3		
Non Classroom-Based	27.36	27.50
Grades 4-6		
Non Classroom-Based	28.75	29.04
Grades 7-8		
Non Classroom-Based	31.02	31.70
Grades 9-12		
Non Classroom-Based	<u>89.83</u>	<u>93.68</u>
Grand Total	<u><u>176.96</u></u>	<u><u>181.92</u></u>

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>GRADE LEVEL</u>	<u>1986-87 MINUTES REQUIREMENT</u>	<u>2017-18 ACTUAL MINUTES</u>	<u>NUMBER OF DAYS TRADITIONAL CALENDAR</u>	<u>NUMBER OF DAYS MULTITRACK CALENDAR</u>	<u>STATUS</u>
<u>Helendale School District</u>					
Kindergarten	36,000	59,435	180	N/A	In Compliance
Grades 1-3	50,400	55,145	180	N/A	In Compliance
Grades 4-8	54,000	55,145	180	N/A	In Compliance
<u>Academy of Careers and Exploration Charter School</u>					
Grades 7-8	54,000	55,145	180	N/A	In Compliance
Grades 9-12	64,800	65,528	180	N/A	In Compliance

Note: The District participated in Longer Day incentives and did not meet or exceed its target funding.

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>GENERAL FUND</u>	<u>(BUDGET)</u> <u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues and Other Financial Sources	\$ 6,851,800	\$ 9,729,108	\$ 6,775,127	\$ 6,322,276
Expenditures	7,024,569	9,059,925	6,053,298	5,438,697
Other Uses and Transfers Out	323,881	360,739	581,594	278,137
Total Outgo	7,348,450	9,420,664	6,634,892	5,716,834
Change in Fund Balance	\$ (496,650)	\$ 308,444	\$ 140,235	\$ 605,442
Ending Fund Balance	\$ 1,829,795	\$ 2,326,445	\$ 2,018,001	\$ 1,877,766
Available Reserves	\$ 1,273,862	\$ 1,471,863	\$ 1,256,214	\$ 1,496,801
Reserve for Economic Uncertainties	\$ 293,938	\$ 276,409	\$ 265,396	\$ 218,159
Unassigned Fund Balance	\$ 979,924	\$ 1,195,454	\$ 990,818	\$ 1,278,642
Available Reserves as a Percentage of Total Outgo	17.34%	15.62%	20.75%	26.12%
Total Long-Term Debt	**	\$ 19,266,681	\$ 14,626,086	\$ 13,768,813
Average Daily Attendance at P-2***	630	622	621	599

The General Fund balance has increased by \$448,679 over the past two years. The fiscal year 2018-19 budget projects a decrease of \$496,650. For a district this size, the State recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses or \$50,000, whichever is greater. Helendale School District has met the State's minimum requirements.

Average daily attendance has increased by 23 ADA over the past two years. An increase of 8 ADA is anticipated during fiscal year 2018-19.

* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

** Not determined.

*** Excludes Charter School ADA.

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>GENERAL FUND</u>			
U.S Department of Education:			
Passed through the California Department of Education (CDE):			
Title I	84.010	13797	\$ 118,931
IDEA, Education for the Handicapped			
Local Assistance	84.027	13379	162,042
Title II, Part A, Supporting Effective Instruction	84.367	14346	16,930
Total Department of Education			<u>297,903</u>
<u>CHARTER SCHOOL FUND</u>			
U.S. Department of Education:			
Passed through CDE:			
IDEA, Education for the Handicapped			
Local Assistance	84.027	13379	71,711
Title II, Part A, Supporting Effective Instruction	84.367	14341	7,545
Total Department of Education			<u>79,256</u>
<u>CAFETERIA ACCOUNT</u>			
U.S. Department of Agriculture:			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch	10.555	13391	160,001
Especially Needy Breakfast	10.553	13326	39,065
Total Department of Agriculture			<u>199,066</u>
Total Federal Expenditures			<u>\$ 576,225</u>

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM
WITH AUDITED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>GENERAL FUND</u>	<u>DEFERRED MAINTENANCE FUND</u>
June 30, 2018, Annual Financial and Budget Report Form Fund Balances	\$ 2,326,445	\$ 28
<u>Adjustments and Reclassifications</u>		
Increase (Decrease) Fund Balance for:		
GASB 54 Reporting Requirement	<u>28</u>	<u>(28)</u>
June 30, 2018, Audited Financial Statements Fund Balances	<u>\$ 2,326,473</u>	<u>\$ -</u>

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>CHARTER SCHOOLS</u>	<u>INCLUSION IN FINANCIAL STATEMENTS</u>
Academy of Careers and Exploration	Included
Empire Springs Charter School	Not Included
Alta Vista South Public Charter School	Not Included
Independence Charter Academy	Included
Sage Oak Charter School	Not Included

The Notes to Financial Statements are an integral part of this statement.

HELENDALE SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school entities. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

B. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for 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. The District has not met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

C. Schedule of Financial Trends and Analysis

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.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Helendale School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Uniform Guidance requires a disclosure of the financial activities of all Federally funded programs. This schedule was prepared to comply with the Uniform Guidance. The District did not elect to use the 10 percent de minimis indirect cost rate.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements

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 as reported on the Annual Form to the audited financial statements.

F. Schedule of Charter Schools

This schedule provides a list of Charter Schools sponsored by the District and specifies whether the Charter Schools are included in these financial statements.



Jeanette L. Garcia,
CPA

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

Independent Auditor's Report

To the Board of Trustees
Helendale School District
Helendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Helendale School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Helendale School District's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

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

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

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

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

We noted certain matters that we reported to management of Helendale School District in a separate letter dated December 14, 2018.

Compliance and Other Matters

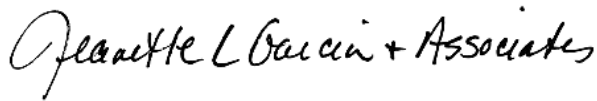
As part of obtaining reasonable assurance about whether Helendale School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings and questioned costs as Finding 2018-001.

Helendale School District's Response to Findings

Helendale School District's response to the finding identified in our audit is described in the accompanying schedule of audit findings and questioned costs. Helendale 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.



San Bernardino, California
December 14, 2018



INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,
CPA

To the Board of Trustees
Helendale School District
Helendale, California

Report on State Compliance

We have audited the District’s compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District’s state programs identified below for fiscal year ended June 30, 2018.

Management’s Responsibility for State Compliance

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards 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 *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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:

		<u>Procedures Performed</u>
Member:	Local Education Agencies Other Than Charter Schools:	
American	Attendance	Yes
Institute of	Teacher Certification and Misassignments	Yes
Certified Public	Kindergarten Continuance	Yes
Accountants	Independent Study	Not Applicable
California	Continuation Education	Not Applicable
Society of		
Certified Public		
Accountants		

	<u>Procedures Performed</u>
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
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	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

We did not test compliance for Early Retirement Incentive because the District did not participate.

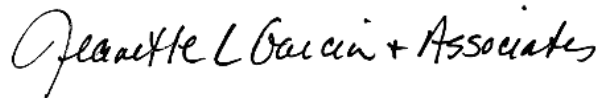
Opinion on State Compliance

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the requirements referred to above, which is required to be reported in accordance with *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel and which is described in the accompanying schedule of audit findings and questioned costs as Finding 2018-001. Our opinion is not modified with respect to matters identified.

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

A handwritten signature in black ink that reads "Jeanette L. Garcia + Associates". The signature is written in a cursive, flowing style.

San Bernardino, California
December 14, 2018

Findings and Recommendations

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>✓</u> No
Significant deficiencies identified?	_____ Yes <u>✓</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u>✓</u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Not Applicable
Significant deficiencies identified?	Not Applicable
Type of auditor's report issued on compliance for major programs:	None (did not require Single Audit)
Any audit finding disclosed that are required to be reported in accordance with Title 2, CFR Part 200?	Not Applicable

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
None	None
Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
Auditee qualified as low-risk auditee?	Not Applicable

State Awards

Internal control over state programs:	
Material weakness(es) identified?	_____ Yes <u>✓</u> No
Significant deficiencies identified?	<u>✓</u> Yes _____ None reported
Noncompliance material to financial statements noted?	_____ Yes <u>✓</u> No
Type of auditor's report issued on compliance for State programs:	Unmodified

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

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

FINDING 2018-001
Code 40000
Unduplicated Local Control Funding Formula
Pupil Counts

Specific Requirement: Pursuant to Education Code Section 42238.02(b)(2) the LEA shall annually submit its enrolled free and reduced-price meal (FRPM) eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the State Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). Education Code Section 42238.02(b)(3)(B) requires Auditors to “review and validate certified aggregate English learner, foster youth, and free or reduced-price meal eligible pupil data for school districts and charter schools under its jurisdiction to ensure the data is reported accurately.”

Condition: We found 29 students who were included in the unduplicated count, but no supporting documentation could be located.

Questioned Costs: Not Applicable.

Context: We test 100% of the unduplicated count for Helendale School District, Academy of Careers and Exploration and Independence Charter Academy.

Effect: The unduplicated count is overstated by a total of 29 students. This results in a total decrease of \$16,977 in LCFF funding.

	<u>Helendale Elementary School</u>	<u>Academy of Careers and Exploration</u>	<u>Independence Charter Academy</u>
Enrollment per CALPADS	495	321	177
Total unduplicated pupil counts per CALPADS	276	184	118
Unduplicated pupil count adjustment based on eligibility for FRPM	<u>(12)</u>	<u>(13)</u>	<u>(4)</u>
Adjusted total unduplicated pupil count	<u><u>264</u></u>	<u><u>171</u></u>	<u><u>114</u></u>

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

Cause: This appears to have been a miscommunication between the attendance system and CALPADS.

Recommendation: The District should revise its 2017/18 unduplicated local control funding formula (LCFF) student count to reflect the corrections noted. The District should review the CALPADS information for accuracy prior to certification.

District Response: The District identified the error in reporting was due to miscommunication between the attendance system and CALPADS. The issue was resolved, but after the unduplicated count had been submitted. The 2017/18 unduplicated local control funding formula (LCFF) was corrected. Systems have been put in place to review CALPADS reports for accuracy.

HELENDALE SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prior Year Findings and Recommendations:

There were no findings and recommendations for the fiscal year ended June 30, 2017.



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Jeanette L. Garcia,
CPA

To the Board of Trustees
Helendale School District
Helendale, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Helendale School District, for the year ended June 30, 2018, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we noted several matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent non-material conditions noted by the audit that we consider important enough to bring to your attention. We previously reported on the District's internal control over financial reporting in our report dated December 14, 2018, contains certain reportable conditions in the District's internal control over financing reporting. This letter does not affect our report dated December 14, 2018, on the financial statements of Helendale School District.

Cafeteria

Daily sales are not deposited in a timely manner. Delays of up to 24 days were noted. Deposits should be made on a timely basis, at least once a week.

We will review the status of these comments during our next audit engagement. We have discussed these comments and suggestions with various school personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the management, Board of Trustees, others within the District, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

San Bernardino, California
December 14, 2018

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