

HELENDALE SCHOOL DISTRICT

SAN BERNARDINO COUNTY
HELENDALE, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2017

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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 2 through 11, General Fund Budgetary Comparison Schedule on page 41, Charter School Fund Budgetary Comparison Schedule on page 42 and Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 43 and 44 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, *2016-17 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 7, 2017, 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.



Redlands, California
December 7, 2017

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2017

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, 2017. 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 651 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 62 certificated, management and confidential employees and the 28 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 and the Charter School Fund.
- The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

FINANCIAL HIGHLIGHTS

- The Helendale School District's Government-Wide Statement of Net Position shows Total Net Position of \$2,429,373, the result of assets and deferred outflows of resources of \$18,120,447, less liabilities and deferred inflows of resources of \$15,691,074.
- 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, 2017, the District's proportionate share of the Net Pension Liabilities was \$7,331,961.
- General revenues accounted for \$10,766,454 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,517,988 or 12% of total revenues of \$12,284,442.

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2017

- The District had \$10,902,561 in expenses related to governmental activities; only \$1,517,988 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state LCFF sources and property taxes) provided the remaining \$9,384,573 required for these programs. This resulted in a change in Net Position of \$1,381,881.
- The General Fund reported a positive fund balance of \$2,018,029.

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, 2017

▪ 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, 2017

▪ 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 2016-17 and 2015-16.

	<u>Governmental Activities</u>		% Change
	<u>2017</u>	<u>2016</u>	
Current and Other Assets	\$ 5,038,716	\$ 3,767,571	33.7
Capital Assets	<u>11,180,562</u>	<u>11,365,129</u>	(1.6)
Total Assets	<u>16,219,278</u>	<u>15,132,700</u>	7.2
Deferred Outflows of Resources	<u>1,901,170</u>	<u>964,513</u>	97.1
Current Liabilities	726,948	499,439	45.6
Long-Term Debt	<u>14,626,086</u>	<u>13,768,813</u>	6.2
Total Liabilities	<u>15,353,034</u>	<u>14,268,252</u>	7.6
Deferred Inflows of Resources	<u>338,041</u>	<u>781,469</u>	(56.7)
Net Position			
Net Investment in Capital Assets	4,028,891	3,938,458	2.3
Restricted	3,069,879	1,783,819	72.1
Unrestricted	<u>(4,669,397)</u>	<u>(4,674,785)</u>	0.1
Total Net Position	<u>\$ 2,429,373</u>	<u>\$ 1,047,492</u>	131.9

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2017

Table 2 shows the change in net position for fiscal years 2016-17 and 2015-16.

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 41,730	\$ 44,022	(5.2)
Operating Grants and Contributions	1,476,258	1,149,001	28.5
<i>General Revenues:</i>			
Unrestricted Federal and State Sources	8,774,436	7,739,986	13.4
Property Taxes	1,178,272	868,679	35.6
Other General Revenues	813,746	536,840	51.6
Total Revenues	<u>12,284,442</u>	<u>10,338,528</u>	18.8
Expenses			
Instruction-Related	7,811,858	7,729,011	1.1
Pupil Services	699,068	803,734	(13.0)
Administration	985,638	1,052,461	(6.3)
Maintenance and Operations	988,065	968,511	2.0
Other	417,932	409,293	2.1
Total Expenses	<u>10,902,561</u>	<u>10,963,010</u>	(0.6)
Change in Net Position	<u>\$ 1,381,881</u>	<u>\$ (624,482)</u>	(321.3)

▪ **GOVERNMENTAL ACTIVITIES**

Charges for services, operating grants and contributions and capital grants and contributions made up 12% of revenues for governmental activities. General revenues not restricted to specific programs made up 88% of the total revenues available.

Instruction-related activities made up 72% of total expenses. Pupil services including home-to-school transportation and food services made up 6%. Administration including data processing made up 9%. Maintenance and operations including facility acquisition and construction made up 9%. Other expenses made up 4%.

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, 2017

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			
	2017	%	2016	%
Instruction-Related	\$ 7,811,858	72	\$ 7,729,011	70
Pupil Services	699,068	6	803,734	7
Administration	985,638	9	1,052,461	10
Maintenance and Operations	988,065	9	968,511	9
Other	417,932	4	409,293	4
Total	\$ 10,902,561	100	\$ 10,963,010	100

	Net Cost			
	2017	%	2016	%
Instruction-Related	\$ 6,662,448	71	\$ 6,896,893	70
Pupil Services	434,728	5	542,264	6
Administration	965,659	10	1,036,469	11
Maintenance and Operations	986,288	10	966,442	10
Other	335,450	4	327,919	3
Total	\$ 9,384,573	100	\$ 9,769,987	100

GENERAL FUND BUDGET INFORMATION
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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, 2017

▪ GENERAL FUND BUDGET VARIATIONS

For the General Fund, actual revenues were \$6,775,127 with original budget estimated at \$5,446,686. The difference of \$1,328,441 was due to an increase in enrollment at Helendale School District. This growth led to an increase in revenue over and above the original budget estimate. Additional revenues were realized with the receipt of one-time discretionary mandate funding from the State.

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 2016-17, the District had \$11,180,562 invested in land, buildings and site improvements, and furniture and equipment. Table 4 shows both fiscal years 2016-17 and 2015-16 balances.

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

	Governmental Activities	
	2017	2016
Land	\$ 190,269	\$ 190,269
Buildings and Site Improvements	10,283,792	10,453,715
Furniture and Equipment	706,501	721,145
Total	\$ 11,180,562	\$ 11,365,129

HELENDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2017

- DEBT

At June 30, 2017, the Helendale School District had \$14,626,086 in outstanding debt. Table 5 summarizes these debts.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$ 3,226,671	\$ 3,401,671
Compensated Absences	142,454	135,827
Certificates of Participation	3,925,000	4,025,000
Net Pension Liability	7,331,961	6,206,315
Total	\$ 14,626,086	\$ 13,768,813

FOR THE FUTURE

In 2014, Helendale School District began implementation of the new California State Standards. In 2015 and 2016, the District purchased new textbooks that are aligned with those standards. The District also vigorously pursued technology implementation at the same time and has accomplished a 1:1 ratio of laptops or tablets per student. To support that effort, the District hired a Director of Maintenance Operations Transportation and Technology to ensure efficient and effective use of technology. The District encourages and supports the expanded use of technology for education with implementation of STEM at Helendale Elementary and STEAM at Riverview Middle School.

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.

Independence Charter Academy is planning for the closure of its satellite campus (University Careers and Sports Academy) in Hesperia in order to be in compliance with the Anderson decision. The campus closure has the potential to reduce enrollment but also presents an opportunity to increase, or at least maintain, enrollment by perfecting the independent study academic support model. 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, 2017

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, 2017

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash (Note 2)	\$ 4,174,181
Accounts Receivable (Note 3)	846,148
Prepaid Expenditures	18,387
Total Current Assets	<u>5,038,716</u>
Capital Assets: (Note 6)	
Land	190,269
Site Improvements	6,118,983
Buildings	7,258,641
Furniture and Equipment	2,051,247
Less Accumulated Depreciation	<u>(4,438,578)</u>
Total Capital Assets	<u>11,180,562</u>
TOTAL ASSETS	<u>16,219,278</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u> (Note 12)	<u>1,901,170</u>
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	<u>726,948</u>
Long-Term Liabilities: (Note 8)	
Portion Due or Payable Within One Year	325,000
Portion Due or Payable After One Year	14,301,086
Total Long-Term Liabilities	<u>14,626,086</u>
TOTAL LIABILITIES	<u>15,353,034</u>
<u>DEFERRED INFLOWS OF RESOURCES</u> (Note 12)	<u>338,041</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,028,891
Restricted for:	
Capital Projects	814,658
Debt Service	279,340
Educational Programs	205,293
Other Purposes (Expendable)	1,742,201
Other Purposes (Nonexpendable)	28,387
Unrestricted	<u>(4,669,397)</u>
TOTAL NET POSITION	<u>\$ 2,429,373</u>

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, 2017

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	\$ 6,738,355	\$ -	\$ 1,112,353	\$ -	\$ (5,626,002)
Instruction-Related Services:					
Supervision of Instruction	33,418	-	11,845	-	(21,573)
Instructional Library, Media and Technology	120,133	-	-	-	(120,133)
School Site Administration	919,952	-	25,212	-	(894,740)
Pupil Services:					
Home-to-School Transportation	296,317	-	-	-	(296,317)
Food Services	297,111	40,123	207,103	-	(49,885)
All Other Pupil Services	105,640	-	17,114	-	(88,526)
General Administration:					
Data Processing	24,969	-	-	-	(24,969)
All Other General Administration	960,669	-	19,979	-	(940,690)
Plant Services	988,065	241	1,536	-	(986,288)
Ancillary Services	133,731	-	1,997	-	(131,734)
Interest on Long-Term Debt	137,715	-	-	-	(137,715)
Other Outgo	146,486	1,366	79,119	-	(66,001)
Total Governmental Activities	\$ 10,902,561	\$ 41,730	\$ 1,476,258	\$ -	\$ (9,384,573)
General Revenues:					
Taxes:					
					921,408
Property Taxes, levied for general purposes					252,813
Property Taxes, levied for debt service					4,051
Property Taxes, levied for other specific purposes					8,774,436
Federal and State Aid not restricted to specific purposes					28,229
Interest and Investment Earnings					785,517
Miscellaneous					
Total General Revenues					10,766,454
Change in Net Position					1,381,881
Net Position - July 1, 2016					1,047,492
Net Position - June 30, 2017					\$ 2,429,373

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

HELENDALE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2017

	GENERAL FUND	CHARTER SCHOOL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash (Note 2)				
Cash in County Treasury	\$ 1,884,068	\$ 1,419,519	\$ 821,757	\$ 4,125,344
Cash on Hand and in Banks	-	-	38,837	38,837
Cash in Revolving Fund	10,000	-	-	10,000
Accounts Receivable (Note 3)	759,803	46,531	39,814	846,148
Due from Other Funds (Note 4A)	208,271	-	353,213	561,484
Prepaid Expenditures	3,977	14,410	-	18,387
TOTAL ASSETS	\$ 2,866,119	\$ 1,480,460	\$ 1,253,621	\$ 5,600,200
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$ 494,877	\$ 160,170	\$ 57,576	\$ 712,623
Due to Other Funds (Note 4A)	353,213	111,224	97,047	561,484
Total Liabilities	848,090	271,394	154,623	1,274,107
Fund Balances (Note 5)				
Nonspendable	13,977	14,410	-	28,387
Restricted	36,514	168,779	1,098,996	1,304,289
Assigned	711,324	1,025,877	2	1,737,203
Unassigned	1,256,214	-	-	1,256,214
Total Fund Balances	2,018,029	1,209,066	1,098,998	4,326,093
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,866,119	\$ 1,480,460	\$ 1,253,621	\$ 5,600,200

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, 2017

Total Fund Balances - Governmental Funds		\$ 4,326,093
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 \$15,619,140 and the accumulated depreciation is \$4,438,578.		11,180,562
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.		(14,323)
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	3,226,671	
Compensated Absences	142,454	
Certificates of Participation	3,925,000	
Net Pension Liability	<u>7,331,961</u>	(14,626,086)
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		1,901,170
Deferred inflows of resources related to pensions		(338,041)
Adjustment for Rounding.		<u>(2)</u>
Total Net Position - Governmental Activities		<u>\$ 2,429,373</u>

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

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

	GENERAL FUND	CHARTER SCHOOL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Control Funding Formula Sources:				
State Apportionments	\$ 4,073,299	\$ 3,668,455	\$ -	\$ 7,741,754
Education Protection Accounts Funds	785,916	472,504	-	1,258,420
Local Sources	921,409	-	-	921,409
LCFF Transfers	(765,817)	143,566	-	(622,251)
Total LCFF Sources	5,014,807	4,284,525	-	9,299,332
Federal Revenues	289,470	47,143	192,532	529,145
Other State Revenues	456,658	565,298	16,664	1,038,620
Other Local Revenues	1,014,192	101,766	301,388	1,417,346
Total Revenues	6,775,127	4,998,732	510,584	12,284,443
<u>EXPENDITURES</u>				
Instruction	3,864,011	2,908,023	-	6,772,034
Instruction-Related Services:				
Supervision of Instruction	32,758	-	-	32,758
Instructional Library, Media and Technology	70,104	50,577	-	120,681
School Site Administration	455,824	461,556	-	917,380
Pupil Services:				
Home-to-School Transportation	114,654	173,383	-	288,037
Food Services	-	-	291,665	291,665
All Other Pupil Services	49,143	56,426	-	105,569
General Administration:				
Data Processing	14,041	10,168	-	24,209
All Other General Administration	671,761	276,608	-	948,369
Plant Services	618,605	361,099	33,768	1,013,472
Facilities Acquisition and Construction	-	(3,087)	39,500	36,413
Ancillary Services	16,911	114,106	-	131,017
Other Outgo	145,486	-	1,000	146,486
Debt Service:				
Principal	-	-	275,000	275,000
Interest	-	-	140,881	140,881
Total Expenditures	6,053,298	4,408,859	781,814	11,243,971
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	721,829	589,873	(271,230)	1,040,472
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers In (Note 4B)	-	-	581,594	581,594
Interfund Transfers Out (Note 4B)	(581,594)	-	-	(581,594)
Total Other Financing Sources (Uses)	(581,594)	-	581,594	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	140,235	589,873	310,364	1,040,472
<u>FUND BALANCES - JULY 1, 2016</u>	1,877,794	619,193	788,634	3,285,621
<u>FUND BALANCES - JUNE 30, 2017</u>	\$ 2,018,029	\$ 1,209,066	\$ 1,098,998	\$ 4,326,093

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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	1,040,472
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 depreciation expense of \$334,385 exceeds capital outlay of \$149,818 in the period.		(184,567)
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:		275,000
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.		3,166
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.		(6,627)
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.		254,439
Adjustment for Rounding.		<u>(2)</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,381,881</u></u>

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

HELENDALE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	AGENCY FUNDS
<u>ASSETS</u>	
Cash (Note 2)	
Cash on Hand and in Banks	\$ 25,463
TOTAL ASSETS	\$ 25,463
<u>LIABILITIES</u>	
Due to Student Groups	\$ 25,463
TOTAL LIABILITIES	\$ 25,463

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

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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 two nonmajor special revenue funds.

- Cafeteria Account is used to account for revenues received and expenditures made to operate the District's food service operations.
- 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, 2017

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, 2017

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, 2017

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, 2017.

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, 2017

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, 2017

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, 2017

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, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

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 2020-21. 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, 2017

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

- In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*, to establish requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information.
- In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.
- In March 2016, the GASB issued Statement No. 82, *Pension Issues—An Amendment of GASB Statement No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to clarify the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

2. CASH AND DEPOSITS

Cash at June 30, 2017, consisted of the following:

	Governmental Funds	Fiduciary Funds	Total
Pooled Funds:			
Cash in County Treasury	\$ 4,125,344	\$ -	\$ 4,125,344
Deposits:			
Cash on Hand and in Banks	38,837	25,463	64,300
Cash in Revolving Fund	10,000	-	10,000
Total	\$ 4,174,181	\$ 25,463	\$ 4,199,644

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 (\$6,230,801,759 as of June 30, 2017). 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, 2017

The fair market value of this pool as of June 30, 2017, as provided by the pool sponsor, was \$6,227,495,673. 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 \$4,123,155 and an amortized book value of \$4,125,344. The average weighted maturity for this pool is 321 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, 2017, 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, 2017, 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, 2017

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consisted of the following:

	GENERAL FUND	CHARTER SCHOOL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Federal Sources				
Categorical Aid Programs	\$ 176,259	\$ -	\$ -	\$ 176,259
Child Nutrition Program	-	-	36,040	36,040
Total Federal	176,259	-	36,040	212,299
State Sources				
Child Nutrition Program	-	-	2,538	2,538
Lottery	26,216	16,725	-	42,941
Total State	26,216	16,725	2,538	45,479
Local Sources				
Local	170	-	-	170
Interest	6,995	2,944	1,126	11,065
Other	550,163	26,862	110	577,135
Total Local	557,328	29,806	1,236	588,370
Total Receivables	\$ 759,803	\$ 46,531	\$ 39,814	\$ 846,148

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, 2017, are as follows:

DUE FROM	DUE TO		
	GENERAL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
General Fund	\$ -	\$ 353,213	\$ 353,213
Charter School Fund	111,224	-	111,224
All Other Governmental Funds	97,047	-	97,047
Total	\$ 208,271	\$ 353,213	\$ 561,484

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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 2016-17 fiscal year were as follows:

TRANSFERS FROM	TRANSFERS TO ALL OTHER GOVERNMENTAL FUNDS
General Fund	\$ 581,594

5. FUND BALANCE

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

	GENERAL FUND	CHARTER SCHOOL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Nonspendable:				
Revolving Fund	\$ 10,000	\$ -	\$ -	\$ 10,000
Prepaid Expenditures	3,977	14,410	-	18,387
Total Nonspendable	13,977	14,410	-	28,387
Restricted for:				
Legally Restricted Balances	36,514	168,779	1,098,996	1,304,289
Assigned for:				
Other Assignments	711,324	1,025,877	2	1,737,203
Unassigned for:				
Reserve for Economic Uncertainties	265,396	-	-	265,396
Unassigned	990,818	-	-	990,818
Total Unassigned	1,256,214	-	-	1,256,214
Total Fund Balances	\$ 2,018,029	\$ 1,209,066	\$ 1,098,998	\$ 4,326,093

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2017, is shown below:

PRIMARY GOVERNMENT				
	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Land	\$ 190,269	\$ -	\$ -	\$ 190,269
Site Improvements	6,072,998	45,985	-	6,118,983
Buildings	7,258,641	-	-	7,258,641
Furniture and Equipment	1,947,414	103,833	-	2,051,247
Total at Historical Cost	15,469,322	149,818	-	15,619,140
Less Accumulated Depreciation for:				
Site Improvements	749,859	72,878	-	822,737
Buildings	2,128,065	143,030	-	2,271,095
Furniture and Equipment	1,226,269	118,477	-	1,344,746
Total Accumulated Depreciation	4,104,193	334,385	-	4,438,578
Governmental Activities Capital Assets, Net	\$ 11,365,129	\$ (184,567)	\$ -	\$ 11,180,562

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	\$ 212,662
Supervision of Instruction	1,029
Instructional Library, Media and Technology	3,790
School Site Administration	28,809
Home-to-School Transportation	9,045
Food Services	9,253
All Other Pupil Services	3,315
All Other General Administration	29,782
Centralized Data Processing	760
Plant Services	31,826
Ancillary Services	4,114
Total Depreciation Expense	\$ 334,385

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

7. OPERATING LEASE

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

At June 30, 2017, the future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2018	\$ 28,128
2019	26,448
2020	9,858
2021	<u>2,936</u>
Total	<u>\$ 67,370</u>

8. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2017, is shown below:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Amounts Due Within One Year
General Obligation Bonds	\$ 3,401,671	\$ -	\$ 175,000	\$ 3,226,671	\$ 225,000
Compensated Absences	135,827	6,627	-	142,454	-
Certificates of Participation	4,025,000	-	100,000	3,925,000	100,000
Net Pension Liability	6,206,315	1,125,646	-	7,331,961	-
Total	<u>\$ 13,768,813</u>	<u>\$ 1,132,273</u>	<u>\$ 275,000</u>	<u>\$ 14,626,086</u>	<u>\$ 325,000</u>

9. BONDED DEBT

The outstanding General Obligation Bonded Debt of the District at June 30, 2017, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2016	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2017
2009 Series	11/04/09	2035	2.00-12.00%	<u>\$ 4,001,671</u>	<u>\$ 3,401,671</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 3,226,671</u>

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

The annual requirement to amortize the 2009 Series, General Obligation Bonds Payable, outstanding at June 30, 2017, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 225,000	\$ 4,500	\$ 229,500
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
2023-27	65,800	1,755,326	1,821,126
2028-32	388,625	1,109,418	1,498,043
2033-35	2,314,709	231,719	2,546,428
Total	<u>\$ 3,226,671</u>	<u>\$ 4,334,051</u>	<u>\$ 7,560,722</u>

10. COMPENSATED ABSENCES

The total unpaid employee compensated absences as of June 30, 2017, amounted to \$142,454, 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, 2017, the principal balance outstanding was \$3,925,000.

Future Minimum Payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 100,000	\$ 125,881	\$ 225,881
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
2023-27	590,000	541,313	1,131,313
2028-32	700,000	442,566	1,142,566
2033-37	850,000	312,419	1,162,419
2038-42	1,035,000	142,850	1,177,850
2043	230,000	4,313	234,313
Total	<u>\$ 3,925,000</u>	<u>\$ 2,052,229</u>	<u>\$ 5,977,229</u>

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

12. 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.

The plans' provisions and benefits in effect at June 30, 2017, 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	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>
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)	6.000%	6.000%	9.205%	9.205%
Required employer contribution rates	13.888%	13.888%	12.580%	12.580%

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

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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, 2016 (measurement date), the average active employee contribution rate is 6.974% of annual pay and the employer's contribution rate is 11.847% of annual payroll.

Contributions - CalSTRS

For the measurement period ended June 30, 2016 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions of 8.56% 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 10.73% 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."

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2016 (measurement date), the State contributed 8.602365% 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, 2017, the contributions recognized as part of pension expense for each plan were as follows:

	<u>CalPERS</u>	<u>CalSTRS</u>
Contributions - Employer	\$ 109,743	\$ 382,737
Contributions - Employee (paid by employer)	64,844	305,334
Contributions - State On-Behalf Payments	-	207,748
	<u> </u>	<u> </u>
Total	<u>\$ 174,587</u>	<u>\$ 895,819</u>

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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

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

	Proportionate Share of Net Pension Liability
CalPERS	\$ 1,524,705
CalSTRS	5,807,256
Total Net Pension Liability	\$ 7,331,961

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

For the year ended June 30, 2017, the District recognized pension expense of \$722,715. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 986,762	\$ -
Differences between actual and expected experience	65,577	141,661
Changes in assumptions	-	45,808
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	848,831	150,572
Total	\$ 1,901,170	\$ 338,041

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

\$986,762 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, 2017. 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	
2018	\$ 88,645
219	88,991
2020	259,884
2021	138,847
Total	\$ 576,367

Actuarial Assumptions

The total pension liabilities in the June 30, 2016, actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	CalSTRS
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.65%	7.60%
Inflation	2.75%	3.00%
Payroll Growth	3.00%	3.75%
Projected Salary Increase	Varies *	Varies *
Investment Rate of Return	7.65% #	7.60% #
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 7.65% for CalPERS and 7.60% 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.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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 2017-18 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.

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.

Asset Class	CalSTRS	
	Assumed Assets Allocation	Long Term Expected Rate of Return*
Global Equity	47.00%	6.30%
Global 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 geometric average

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

Asset Class	CalPERS		
	Strategic Allocation	Real Return (Years 1-10) *	Real Return (Years 11+) #
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

* An expected inflation of 2.5% used for this period

An expected inflation of 3.0% used for this period

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	6.65%	6.60%
Net Pension Liability	\$ 2,274,868	\$ 8,357,951
Current Discount Rate	7.65%	7.60%
Net Pension Liability	\$ 1,524,705	\$ 5,807,256
1% Increase	8.65%	8.60%
Net Pension Liability	\$ 900,046	\$ 3,688,797

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.

13. 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.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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.

Condensed financial information on the CSRM is as follows:

	Audited June 30, 2016
Total Assets	\$ 70,537,569
Total Liabilities	31,454,061
Net Position	\$ 39,083,508
Total Revenues	\$ 42,635,788
Total Expenditures	41,767,169
Net Increase (Decrease) in Net Position	\$ 868,619

14. 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, 2017, the District had no commitments with respect to unfinished capital projects.

HELENDALE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

<u>Appropriation Category</u>	<u>Excess Expenditures</u>
General Fund:	
Employee Benefits	\$ 118,459
Charter School Fund:	
Employee Benefits	32,341
Service and Other Operating Expenditures	71,774

Required Supplementary
Information

HELENDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 3,952,899	\$ 4,130,488	\$ 4,073,299	\$ (57,189)
Education Protection Account Funds	77,138	785,916	785,916	-
Local Sources	750,420	923,185	921,409	(1,776)
LCFF Transfers	(568,766)	(694,963)	(765,817)	(70,854)
Total LCFF Sources	<u>4,211,691</u>	<u>5,144,626</u>	<u>5,014,807</u>	<u>(129,819)</u>
Federal Revenues	244,246	289,470	289,470	-
Other State Revenues	275,252	288,435	456,658	168,223
Other Local Revenues	715,497	991,822	1,014,192	22,370
Total Revenues	<u>5,446,686</u>	<u>6,714,353</u>	<u>6,775,127</u>	<u>60,774</u>
<u>EXPENDITURES</u>				
Certificated Salaries	2,613,893	2,750,286	2,695,876	54,410
Classified Salaries	771,531	880,011	796,449	83,562
Employee Benefits	1,129,161	1,286,134	1,404,593	(118,459)
Books and Supplies	364,419	428,863	358,847	70,016
Services and Other Operating Expenditures	1,014,253	728,445	610,700	117,745
Other Outgo	214,971	142,986	142,986	-
Capital Outlay	270,154	340,544	43,847	296,697
Total Expenditures	<u>6,378,382</u>	<u>6,557,269</u>	<u>6,053,298</u>	<u>503,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(931,696)	157,084	721,829	564,745
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers Out	(228,381)	(485,324)	(581,594)	(96,270)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (1,160,077)</u>	<u>\$ (328,240)</u>	140,235	<u>\$ 468,475</u>
FUND BALANCE - JULY 1, 2016			<u>1,877,794</u>	
FUND BALANCE - JUNE 30, 2017			<u>\$ 2,018,029</u>	

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

HELENDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHARTER SCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 3,330,465	\$ 3,737,596	\$ 3,668,455	\$ (69,141)
Education Protection Account Funds	445,983	472,504	472,504	-
LCFF Transfers	121,876	136,708	143,566	6,858
Total LCFF Sources	<u>3,898,324</u>	<u>4,346,808</u>	<u>4,284,525</u>	<u>(62,283)</u>
Federal Revenues	67,032	47,143	47,143	-
Other State Revenues	201,665	498,513	565,298	66,785
Other Local Revenues	121,308	77,406	101,766	24,360
Total Revenues	<u>4,288,329</u>	<u>4,969,870</u>	<u>4,998,732</u>	<u>28,862</u>
<u>EXPENDITURES</u>				
Certificated Salaries	1,689,845	1,888,740	1,783,889	104,851
Classified Salaries	482,573	524,681	520,886	3,795
Employee Benefits	769,926	869,561	901,902	(32,341)
Books and Supplies	386,862	506,298	436,693	69,605
Services and Other Operating Expenditures	599,046	623,863	695,637	(71,774)
Capital Outlay	108,463	209,013	69,852	139,161
Total Expenditures	<u>4,036,715</u>	<u>4,622,156</u>	<u>4,408,859</u>	<u>213,297</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>\$ 251,614</u>	<u>\$ 347,714</u>	589,873	<u>\$ 242,159</u>
<u>FUND BALANCE - JULY 1, 2016</u>			<u>619,193</u>	
<u>FUND BALANCE - JUNE 30, 2017</u>			<u>\$ 1,209,066</u>	

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

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, 2017

	<u>CalPERS</u>		
	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
District's proportion of the net pension liability	0.00772%	0.00721%	0.00565%
District's proportionate share of the net pension liability	\$ 1,524,705	\$ 1,062,761	\$ 641,413
District's covered-employee payroll	\$ 926,336	\$ 797,876	\$ 592,947
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.60%	133.20%	101.17%
Plan fiduciary net position as a percentage of the total pension liability	73.90%	79.43%	83.38%

	<u>CalSTRS</u>		
	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
District's proportion of the net pension liability	0.00718%	0.00764%	0.00587%
District's proportionate share of the net pension liability	\$ 5,807,256	\$ 5,143,554	\$ 3,430,252
State's proportionate share of the net pension liability associated with the District	<u>2,106,872</u>	<u>1,779,320</u>	<u>1,291,490</u>
Total	<u>\$ 7,914,128</u>	<u>\$ 6,922,874</u>	<u>\$ 4,721,742</u>
District's covered-employee payroll	\$ 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	162.81%	156.72%	131.96%
Plan fiduciary net position as a percentage of the total pension liability	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.

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

HELENDALE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALPERS/CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

Supplementary Information

HELENDALE SCHOOL DISTRICT
BALANCE SHEET
SPECIAL REVENUE FUND
 JUNE 30, 2017

STATEMENT 1

	<u>CAFETERIA ACCOUNT</u>
<u>ASSETS</u>	
Cash	
Cash on Hand and in Banks	\$ 38,837
Accounts Receivable	38,688
Due from Other Funds	<u>44,439</u>
 TOTAL ASSETS	 <u>121,964</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	19,917
Due to Other Funds	<u>97,047</u>
Total Liabilities	116,964
 Fund Balance	
Restricted	<u>5,000</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 121,964</u></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
SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>CAFETERIA</u> <u>ACCOUNT</u>
<u>REVENUES</u>	
Federal Revenue	\$ 192,532
Other State Revenues	14,238
Other Local Revenues	<u>40,455</u>
Total Revenues	247,225
 <u>EXPENDITURES</u>	
Food Service	<u>291,665</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (44,440)
 OTHER FINANCING SOURCES (USES)	
Interfund Transfers In	<u>44,439</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	 (1)
 <u>FUND BALANCE - JULY 1, 2016</u>	 <u>5,001</u>
 <u>FUND BALANCE - JUNE 30, 2017</u>	 <u>\$ 5,000</u>

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

HELENDALE SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
 JUNE 30, 2017

	<u>BOND INTEREST AND REDEMPTION FUND</u>
<u>ASSETS</u>	
Cash	
Cash in County Treasury	\$ 279,340
TOTAL ASSETS	<u>\$ 279,340</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	\$ -
Fund Balance	
Restricted	279,340
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 279,340</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, 2017

	<u>BOND INTEREST AND REDEMPTION FUND</u>
<u>REVENUES</u>	
Other State Revenues	\$ 2,426
Other Local Revenues	<u>255,383</u>
Total Revenues	<u>257,809</u>
<u>EXPENDITURES</u>	
Debt Service:	
Principal	175,000
Interest	<u>12,500</u>
Total Expenditures	<u>187,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	70,309
<u>FUND BALANCE</u> - JULY 1, 2016	<u>209,031</u>
<u>FUND BALANCE</u> - JUNE 30, 2017	<u>\$ 279,340</u>

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

HELENDALE SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	<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	\$ 503,948	\$ 38,467	\$ 542,417
Accounts Receivable	-	984	142	1,126
Due From Other Funds	-	-	308,774	308,774
	<u>2</u>	<u>504,932</u>	<u>347,383</u>	<u>852,317</u>
TOTAL ASSETS	<u>\$ 2</u>	<u>\$ 504,932</u>	<u>\$ 347,383</u>	<u>\$ 852,317</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$ -	\$ 32,289	\$ 5,370	\$ 37,659
Fund Balances				
Restricted	-	472,643	342,013	814,656
Assigned	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Fund Balances	<u>2</u>	<u>472,643</u>	<u>342,013</u>	<u>814,658</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2</u>	<u>\$ 504,932</u>	<u>\$ 347,383</u>	<u>\$ 852,317</u>

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, 2017

	BUILDING FUND	CAPITAL FACILITIES FUND	SPECIAL RESERVE FUND	TOTAL
<u>REVENUES</u>				
Other Local Revenues	\$ -	\$ 5,136	\$ 414	\$ 5,550
<u>EXPENDITURES</u>				
Plant Services	-	33,768	-	33,768
Facilities Acquisition and Construction	-	24,100	15,400	39,500
Other Outgo	-	1,000	-	1,000
Debt Service:				
Principal	-	100,000	-	100,000
Interest	-	128,381	-	128,381
Total Expenditures	-	287,249	15,400	302,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(282,113)	(14,986)	(297,099)
<u>OTHER FINANCING SOURCE (USES)</u>				
Interfund Transfers In	-	228,381	308,774	537,155
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	(53,732)	293,788	240,056
<u>FUND BALANCES - JULY 1, 2016</u>	<u>2</u>	<u>526,375</u>	<u>48,225</u>	<u>574,600</u>
<u>FUND BALANCES - JUNE 30, 2017</u>	<u>\$ 2</u>	<u>\$ 472,643</u>	<u>\$ 342,013</u>	<u>\$ 814,658</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, 2017

	BALANCE JULY 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017
<u>HELENDALE ELEMENTARY SCHOOL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 8,161	\$ 11,569	\$ 11,804	\$ 7,926
TOTAL ASSETS	<u>\$ 8,161</u>	<u>\$ 11,569</u>	<u>\$ 11,804</u>	<u>\$ 7,926</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 8,161	\$ 11,569	\$ 11,804	\$ 7,926
TOTAL LIABILITIES	<u>\$ 8,161</u>	<u>\$ 11,569</u>	<u>\$ 11,804</u>	<u>\$ 7,926</u>
<u>RIVERVIEW MIDDLE SCHOOL/ ACADEMY OF CAREERS AND EXPLORATION</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 15,856	\$ 100,108	\$ 99,861	\$ 16,103
TOTAL ASSETS	<u>\$ 15,856</u>	<u>\$ 100,108</u>	<u>\$ 99,861</u>	<u>\$ 16,103</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 15,856	\$ 100,108	\$ 99,861	\$ 16,103
TOTAL LIABILITIES	<u>\$ 15,856</u>	<u>\$ 100,108</u>	<u>\$ 99,861</u>	<u>\$ 16,103</u>
<u>INDEPENDENCE CHARTER ACADEMY</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 2,226	\$ 410	\$ 1,202	\$ 1,434
TOTAL ASSETS	<u>\$ 2,226</u>	<u>\$ 410</u>	<u>\$ 1,202</u>	<u>\$ 1,434</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 2,226	\$ 410	\$ 1,202	\$ 1,434
TOTAL LIABILITIES	<u>\$ 2,226</u>	<u>\$ 410</u>	<u>\$ 1,202</u>	<u>\$ 1,434</u>
<u>TOTAL</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 26,243	\$ 112,087	\$ 112,867	\$ 25,463
TOTAL ASSETS	<u>\$ 26,243</u>	<u>\$ 112,087</u>	<u>\$ 112,867</u>	<u>\$ 25,463</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 26,243	\$ 112,087	\$ 112,867	\$ 25,463
TOTAL LIABILITIES	<u>\$ 26,243</u>	<u>\$ 112,087</u>	<u>\$ 112,867</u>	<u>\$ 25,463</u>

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

HELENDALE SCHOOL DISTRICT
BOARD OF TRUSTEES AND ORGANIZATION
 JUNE 30, 2017

BOARD OF TRUSTEES

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

ADMINISTRATION

Ross Swearingen	Superintendent
Deanna Dibble	Assistant Superintendent
Michael Hayhurst	Director of Pupil Services and Independence Charter Academy
Joshua Maze	Director of Maintenance, Operations, Transportation and Technology
William Brown	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.

SCHEDULE 2

HELENDALE SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Second Period Report <u>3395BD3C</u>	Annual Report <u>F17F622F</u>
TK/K-3		
Regular	<u>291.37</u>	<u>292.74</u>
Grades 4-6		
Regular	200.84	198.08
Special Education - NPS	1.00	0.91
Extended Year Special Education - NPS	<u>0.17</u>	<u>0.17</u>
Subtotal Grades 4-6	<u>202.01</u>	<u>199.16</u>
Grades 7-8		
Regular	<u>127.72</u>	<u>126.70</u>
Grand Total	<u>621.10</u>	<u>618.60</u>
<u>Academy of Careers and Exploration</u>	Second Period Report <u>38836B0A</u>	Annual Report <u>5C877E3C</u>
Grades 7-8		
Classroom-Based	15.47	15.54
Grades 9-12		
Classroom-Based	<u>267.66</u>	<u>262.20</u>
Grand Total	<u>283.13</u>	<u>277.74</u>
<u>Independence Charter Academy</u>	Second Period Report <u>938C6278</u>	Annual Report <u>DE98147C</u>
TK/K-3		
Non Classroom-Based	32.29	32.58
Grades 4-6		
Non Classroom-Based	44.69	44.99
Grades 7-8		
Non Classroom-Based	33.07	33.07
Grades 9-12		
Non Classroom-Based	<u>77.65</u>	<u>80.27</u>
Grand Total	<u>187.70</u>	<u>190.91</u>

HELENDALE SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

GRADE LEVEL	1986-87 MINUTES REQUIREMENT	2016-17 ACTUAL MINUTES	NUMBER OF DAYS TRADITIONAL CALENDAR	NUMBER OF DAYS MULTITRACK CALENDAR	STATUS
Helendale School District					
Kindergarten	36,000	58,140	180	N/A	In Compliance
Grades 1-3	50,400	55,980	180	N/A	In Compliance
Grades 4-8	54,000	55,980	180	N/A	In Compliance
Academy of Careers and Exploration Charter School					
Grades 7-8	54,000	55,980	180	N/A	In Compliance
Grades 9-12	64,800	65,664	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, 2017

<u>GENERAL FUND</u>	(BUDGET)			
	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues and Other Financial Sources	\$ 6,890,444	\$ 6,775,127	\$ 6,322,276	\$ 4,971,282
Expenditures	6,757,310	6,053,298	5,438,697	5,101,677
Other Uses and Transfers Out	325,881	581,594	278,137	93,284
Total Outgo	7,083,191	6,634,892	5,716,834	5,194,961
Change in Fund Balance	\$ (192,747)	\$ 140,235	\$ 605,442	\$ (223,679)
Ending Fund Balance	\$ 1,910,410	\$ 2,018,029	\$ 1,877,794	\$ 1,272,352
Available Reserves	\$ 1,103,139	\$ 1,256,214	\$ 1,496,801	\$ 1,147,282
Reserve for Economic Uncertainties	\$ 283,327	\$ 265,396	\$ 218,159	\$ 172,924
Unassigned Fund Balance	\$ 819,812	\$ 990,818	\$ 1,278,642	\$ 974,358
Available Reserves as a Percentage of Total Outgo	15.57%	20.75%	26.12%	22.10%
Total Long-Term Debt	**	\$ 14,626,086	\$ 13,768,813	\$ 11,871,860
Average Daily Attendance at P-2***	635	621	599	584

The General Fund balance has increased by \$745,676 over the past two years. The fiscal year 2017-18 budget projects a decrease of \$192,747. 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 37 ADA over the past two years. An increase of 14 ADA is anticipated during fiscal year 2017-18.

* 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, 2017

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	\$ 118,941
IDEA, Education for the Handicapped			
Local Assistance	84.027	13379	152,993
Title II, Part A, Improving Teacher Quality	84.367	14346	17,536
Total Department of Education			<u>289,470</u>
 <u>CHARTER SCHOOL FUND</u>			
U.S. Department of Education:			
Passed through CDE:			
IDEA, Education for the Handicapped			
Local Assistance	84.027	13379	39,778
Title II, Part A, Improving Teacher Quality	84.367	14341	7,365
Total Department of Education			<u>47,143</u>
 <u>CAFETERIA ACCOUNT</u>			
U.S. Department of Agriculture:			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch	10.555	13391	169,956
Especially Needy Breakfast	10.553	13326	22,576
Total Department of Agriculture			<u>192,532</u>
Total Federal Expenditures			<u>\$ 529,145</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, 2017

	GENERAL FUND	DEFERRED MAINTENANCE FUND
June 30, 2017, Annual Financial and Budget Report Form Fund Balances	\$ 2,070,609	\$ 28
<u>Adjustments and Reclassifications</u>		
Increase (Decrease) Accounts Receivable for: Cafeteria Account Salaries and Benefits	(52,608)	
<u>Adjustments and Reclassifications</u>		
Increase (Decrease) Fund Balance for: GASB 54 Reporting Requirement	28	(28)
June 30, 2017, Audited Financial Statements Fund Balances	\$ 2,018,029	\$ -

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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

See accompanying Notes to Supplementary Information.

HELENDALE SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

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. 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 minimus 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, 2017, 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 7, 2017.

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

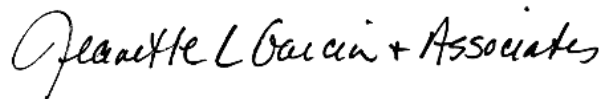
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Compliance and Other Matters

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

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

Redlands, California
December 7, 2017



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 *2016-17 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, 2017.

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 *2016-17 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 *2016-17 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:	
American Institute of Certified Public Accountants	Local Education Agencies Other Than Charter Schools:
	Attendance
	Teacher Certification and Misassignments
	Kindergarten Continuance
	Independent Study
	Continuation Education
	Yes
	Yes
	Yes
	Not Applicable
	Not Applicable
California 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
Mental Health Expenditures	Yes
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	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
Immunizations	Yes
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, 2017.

Jeanette L Garcia + Associates

Redlands, California
December 7, 2017

Findings and Recommendations

HELENDALE SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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?	_____ Yes <u>✓</u> 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, 2017

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

None Reported.

HELENDALE SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prior Year Findings and Recommendations:

FINDING 2016-001
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 2 students who were included as free or reduced students, but no supporting documentation could be located.

Questioned Costs: Not Applicable.

Context: We tested the unduplicated LCFF count at Riverview Middle School, ACE and ICA.

Effect: The unduplicated LCFF student count is overstated by two students. This results in a decrease of \$528 in LCFF funding.

	Independence Charter Academy
Enrollment per CALPADS	88
Total unduplicated pupil counts per CALPADS	69
Unduplicated pupil count adjustment based on eligibility for FRPM	(2)
Adjusted total unduplicated pupil count	71

Cause: Unknown

Recommendation: The District should revise its 2015/16 unduplicated local control funding formula (LCFF) student count to reflect the corrections noted. Further, the District should take more care in maintaining the lunch applications for audit.

Status: Implemented.

HELENDALE SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Finding 2016-002

Code 40000

Immunization

Specific Requirements: Title 17, California Code of Regulations Section 6020(a) require immunizations for admission to and attendance of a public or private elementary or secondary school. Pupils entering a kindergarten (or first grade kindergarten skipped) are required to have 2 doses of measles-containing vaccine, both given on or after their first birthday.

Condition: One instance was noted at Helendale Elementary School where the Kindergarten Immunization Record on file indicated that the student did not have the 2nd dose of the measles-containing vaccine.

Questioned Costs: Not Applicable.

Context: We tested the Elementary School that reported a conditional admission rate greater than 25% in Kindergarten and noted that one student at Helendale Elementary School did not have a second dose of the measles-containing vaccine.

Effect: For the students missing the 2nd dose, we estimate that P2 ADA is overstated by .97 ADA, resulting in a loss of apportionment of approximately 7,168.

Cause: Unknown.

Recommendation: The District should revise the Second Period Report of Attendance, disallowing the .97 ADA claimed for the one pupil. School site personnel should be more diligent when admitting pupils to kindergarten to ensure they have received all necessary vaccines.

Status: Implemented.



Jeanette L. Garcia & Associates

1980 Orange Tree Lane, Suite 280

Redlands, CA 92374

Phone: (909) 335-6100

Fax: (909) 335-6122

www.jlgcpa.net

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, 2017, 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 7, 2017, contains certain reportable conditions in the District's internal control over financing reporting. This letter does not affect our report dated December 7, 2017, on the financial statements of Helendale School District.

Cash Clearing

Deposits from the clearing account to the County Treasury are not made in a timely manner. We noted delays of up to 58 days. We also noted that the monies received for the CVT are not deposited to the County Treasury in a timely manner. We noted delays of up to 117 days. To strengthen internal controls over cash, the District should make transmittals to the County in a more timely fashion, at least monthly, so that revenues can be posted to the District's accounting records and that the District's interest earnings are maximized.

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.

ACE/RMS ASB

- A. Pre-numbered receipts are written out of sequence. Receipts should be issued in sequential order to verify that all collections were recorded and deposited intact and timely.
- B. Deposits are not made timely, up to 18 days delayed. Deposits should be made timely, at least weekly.
- C. Two checks cleared the bank with only one signature. To strengthen internal controls over cash, checks should be reviewed to ensure they contain two signatures prior to issuance.
- D. The bank reconciliation contained outstanding credit adjustments that have not cleared dating back to January 2015. Uncleared credits should be investigated at least monthly.

Member:

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California
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Accountants

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.

Jeanette L Garcia + Associates

Redlands, California
December 7, 2017