



CHULA VISTA
ELEMENTARY
SCHOOL DISTRICT

**COUNTY OF SAN DIEGO
CHULA VISTA, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2018

Introductory Section

Chula Vista Elementary School District
Audit Report
For The Year Ended June 30, 2018

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Financial Section

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Independent Auditor's Report

To the Board of Trustees
Chula Vista Elementary School District
Chula Vista, 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 Chula Vista Elementary School District ("the District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chula Vista Elementary School District as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Chula Vista Elementary School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the changes in the District's net OPEB liability and related ratios, schedule of District OPEB contributions, and Schedule of Investment Returns identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chula Vista Elementary School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of Chula Vista Elementary 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 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 Chula Vista Elementary School District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co LLP

El Cajon, California
December 10, 2018

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2018
(Unaudited)

This section of the Chula Vista Elementary School District's (CVESD) annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2018. This Management Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements that immediately follow this section.

FINANCIAL HIGHLIGHTS

- In 2017-18, the District's net position was <\$5,865,480>. The 2016-17 reinstated net position was <\$3,875,701>. The negative net position is primarily attributable to Governmental Accounting Standards Board (GASB) Statement No.68 which requires Districts to report its portion of the Net Pension Liability beginning with the 2016-17 fiscal year. The net position liability represents the District's proportionate share of CalSTRS and CalPERS liabilities.
- Overall revenues were \$378,881,763 with overall expenditures at \$380,871,542.
- Total District annual average daily attendance (ADA), including 5 dependent charters, increased by 104 ADA from 28,517 to 28,621. The 5 charters increased by 138 ADA and the 41 District schools decreased by 34 ADA.
- In 2017-18, there were seven charter schools in the District with approximately 6,470 ADA. Five charter schools—Arroyo Vista, Chula Vista Learning Community, Discovery, Feaster, and Mueller—are included in the District's audit with 5,990 ADA. The sixth charter – Leonardo da Vinci Health Sciences with 281 ADA—began operations in 2009-10 as a K-6 charter school organized under the Nonprofit Public Benefit Corporation Law. The seventh charter—Howard Gardner Community Charter School with 199 ADA—began operations in 2012-13 as a K-8 charter school organized under the Nonprofit Public Benefit Corporation Law. The District's audit does not contain financial information for Leonardo da Vinci Health Science or Howard Gardner Community Charter School.
- The District records its Other Post-Employment Benefits (OPEB) costs, such as retiree healthcare costs, in compliance with GASB Statement No. 75. The District opened an irrevocable trust fund in 2008-09 through CalPERS to fund its OPEB obligation.
- The District records its ending fund balances in compliance with GASB Statement No. 54.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) the MD&A (this section), (2) basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *Districtwide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District and report the District's operations in more detail than the Districtwide financial statements.
 - The *governmental funds* statements tell how basic services, such as general and special education, were financed in the short term as well as what remains for future spending.
 - *Proprietary funds* statements offer short-term and long-term financial information about the activities the District operates like businesses.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2018
(Unaudited)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

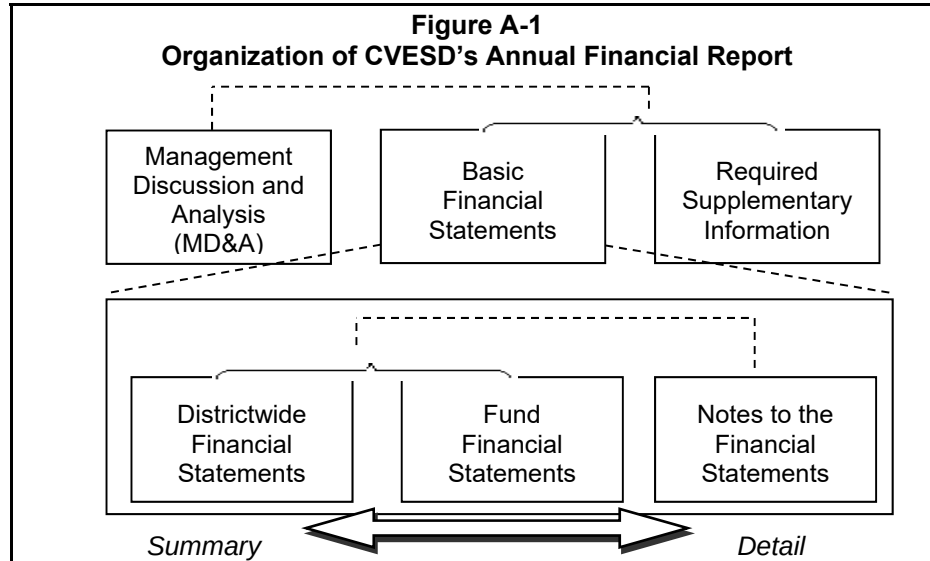


Figure A-2 summarizes the major features of the District's financial statements including the portion of the District's activities they cover and the types of information they contain.

The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Districtwide Statements

Figure A-2
Major Features of the Districtwide and Fund Financial Statements

<i>Type of Statements</i>	Districtwide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope.</i>	Entire District except fiduciary activities.	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Activities the District operates similar to private businesses, such as food services.	Instances in which the District administers resources on behalf of others, such as scholarship programs and student activities monies.
	Statement of net position	Balance sheet.	Statement of net position	Statement of fiduciary net position.
<i>Required financial statements.</i>	Statement of activities.	Statement of revenues, expenditures, and changes in fund balances.	Statement of revenues, expenditures, and changes in fund net position	Statement of changes in fiduciary net position
			Statement of cash flows.	
<i>Accounting basis and measurement focus.</i>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<i>Type of asset/liability information.</i>	All assets and liabilities, both financial and capital, short-term and long-term.	Only assets expected to be fully used and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both short-term and long-term. GASB funds do not currently contain nonfinancial assets, though they can.
<i>Type of inflow/outflow information.</i>	All revenues and expenses during the year regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year regardless of when cash is received or paid.	All revenues and expenses during the year regardless of when cash is received or paid.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2018
(Unaudited)

The Districtwide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

The two Districtwide statements report the District's net position and how it has changed. Net position—the difference between the District's assets plus deferred outflow of resource and liabilities plus deferred inflow of resource—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial health of the District, one must consider additional factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Districtwide financial statements, the District's activities are divided into two categories:

- Governmental activities. All the District's basic services are included here, such as general and special education, transportation, and administration. Property taxes and the Local Control Funding Formula finance most of these activities.
- Business-type activities. The District does not operate any business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as repaying its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds.

- Governmental funds. Most of the District's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Districtwide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationships (or differences) among them.
- Proprietary funds. Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as Districtwide statements. Enterprise funds or internal service funds are the two types of proprietary funds. The District does not operate any enterprise funds.

Internal service funds are used to report activities that provide supplies and services for the District's other programs and activities. The District currently accounts for Workers' Compensation Self

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

Management Discussion and Analysis for the Fiscal Year Ended June 30, 2018 (Unaudited)

Insured Activities and Other Post-Employment Benefits Insurance Activities in the self-insurance fund.

- **Fiduciary funds.** For assets that belong to others, such as student activities funds, the District is the trustee or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These fiduciary funds are excluded from the District wide financial statements because the District cannot use assets in these funds to finance its operations. The District currently reports two fiduciary funds, the OPEB Trust Fund and Student Body Fund.

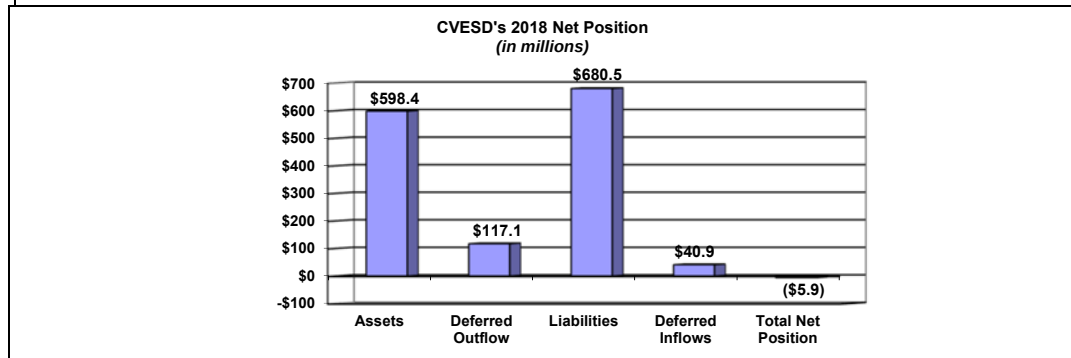
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position of <\$5,865,480> decreased by \$1,989,779 or approximately 51 percent from the net position of previous year. The Statement of Net Position (see Table A-1) provides the perspective of the District as a whole. All the data is from the District's governmental activities. The District does not operate any business-like entities.

Table A-1 CVESD's Net Position June 30, (in millions)			
	Governmental Activities		Increase (Decrease)
	2018	2017*	
Current and Other Assets	\$204.6	\$210.2	(3%)
Capital Assets	393.8	385.8	2%
Total Assets	\$598.4	\$596.0	0.4%
Deferred Outflows of Resources	\$117.1	\$58.4	101%
Long-Term Debt Outstanding	653.7	619.4	6%
Other Liabilities	26.8	24.2	11%
Total Liabilities	\$680.5	\$643.6	6%
Deferred Inflows of Resources	\$40.9	\$14.7	178%
Net Position			
Invested in Capital Assets	122.5	152.0	(19%)
Net of Related Debt			
Restricted	26.0	28.3	(8%)
Unrestricted	(154.4)	(184.2)	(16%)
Total Net Position	(\$5.9)	(\$3.9)	51%

*As adjusted, see note R in the notes to the financial statements.



The District's declined financial position, resulting in a decrease in net position of approximately \$2 million is the product of several factors.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

Management Discussion and Analysis for the Fiscal Year Ended June 30, 2018 (Unaudited)

- Total assets increased by approximately \$2.4 million primarily due to a \$8.0 million increase in capital asset resulting from the modernization of Harborside Elementary, Karl H. Kellogg Elementary and John J. Montgomery Elementary. The modernization project is primarily funded by Proposition E School Facilities Improvement District (SFID) No. 1 General Obligation Bond. The increase is reduced by a decrease of \$5.6 million in current assets. Current assets includes cash, accounts receivable and inventory.
- Long-term outstanding debt increase by approximately \$34.3 million primarily due to a \$51.6 million increase in net pension liability. The increase is reduced by \$16.3 million due to debt service payments for long-term issuances, such as general obligation bonds and certificates of participation (COPs).
- Deferred Outflow of resources increased by \$58.7 million which is offset by an increase in deferred inflow of resources by \$26.3 million. The changes in deferred outflow and inflow of resources is mainly due to deferrals associated with pension and other post-employment benefits.

Changes in Net Position

The District's total revenues increased by approximately 4 percent to \$378,881,763 (see Table A-2). The major increases to general revenues were due to increased property taxes, interest and investment earnings, and program revenues. Approximately 74 percent of the total revenue represents property taxes and state/federal formula aid not restricted for specific purposes, 15 percent was received as state and federal aid for specific operating grants, and the remainder represents miscellaneous revenues and charges for services.

Table A-2 Change in CVESD's Net Position Year Ended June 30, (in millions)			
	Governmental Activities		Percentage Increase (Decrease)
Revenues	<u>2018</u>	<u>2017</u>	
General Revenues	\$ 316.0	\$ 298.4	6%
Program Revenues	<u>62.9</u>	<u>67.1</u>	(6)%
Total Revenues	\$ 378.9	\$ 365.5	4%
Expenses			
Instruction/Instruction Related	\$ 266.7	\$ 279.3	(5%)
Pupil Services	46.9	46.5	1%
General Administration	56.2	55.7	1%
Other Outgo	<u>11.1</u>	<u>11.5</u>	(3%)
Total Expenses	\$ 380.9	\$ 393.0	(3%)
Increase (Decrease)	(\$2.0)	(27.5)	

The total cost of all programs decreased by \$12.1 million or 3 percent to \$380.9 million. 82 percent of District expenses (instruction/instruction related and pupil services) directly supports the education and care of students (see Table A-2). General Administration expenses includes data processing services, maintenance and operations, ancillary services, and community services. The purely administrative activities (other administration and data processing services) account for just 3 percent of total costs. Other Outgo represents interest on long term debt and payments to the county office of education for student services.

In 2018, total expenses exceeded revenues by approximately \$2.0 million. In 2017, expenses exceeded revenues by \$27.5 million.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2018
(Unaudited)

Governmental Activities

Revenues from the District's governmental activities increased by approximately 4 percent, while total expenses decreased by approximately 3 percent. Total government revenues were \$378,881,763 (see Table A-3) while government expenditures were \$380,871,542 (see Table A-4).

Table A-3 Revenue for Governmental Activities Year Ended June 30, (in millions)					
	<u>2018</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>	<u>Increase (Decrease)</u>
Program Revenues	\$ 62.9	17%	\$ 67.1	18%	(\$ 4.2)
General Revenues	<u>316.0</u>	83%	<u>298.4</u>	82%	<u>17.6</u>
Total	\$378.9		\$ 365.5		\$ 13.4

Property taxes and federal and state aid represent over 89 percent of general revenues with the remaining 11 percent of general revenues consisting of interest earnings, other agency transfers, and miscellaneous income. Program revenues consist of 92 percent from federal, state, and local operating grants and contributions and 8 percent from charges for services.

The table below presents a two-year cost comparison of six of the District's largest functions: instruction, instruction related, pupil services, general administration, plant services, and other (which includes interest on long-term debt and other outgo).

Table A-4 Expenditures for Governmental Activities Year Ended June 30, (in millions)						
<u>Function</u>	<u>Total Cost of Services</u>		<u>Percentage Increase (Decrease)</u>	<u>Net Cost of Services</u>		<u>Percentage Increase (Decrease)</u>
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
Instruction	\$ 227.0	\$ 241.4	(6%)	\$197.3	\$208.6	(5%)
Instruction Related	39.7	37.9	5%	33.6	31.9	5%
Pupil Services	46.9	46.5	1%	28.1	28.5	(1%)
General Administration	13.0	13.9	(6%)	11.7	12.3	(5%)
Plant Services	43.2	41.8	3%	36.6	33.4	10%
Other	<u>11.1</u>	<u>11.5</u>	<u>(3%)</u>	<u>10.7</u>	<u>11.2</u>	<u>(4%)</u>
Total	\$ 380.9	\$ 393.0	(3%)	\$318.0	\$ 325.9	(2%)

Table A-4 also shows the net cost of each function. The net cost is the total cost of each function less program revenues. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions associated with each function.

- The cost of all governmental functions this year was \$380.9 million, a decrease of 3 percent.
- Net costs of services were \$318 million, representing a decrease of 2 percent.
- Most of the District's net costs of \$318 million are paid from taxes levied for general purposes (\$111.2 million) and federal and state aid not restricted for specific purposes (\$170.2 million).
- Specific administrative costs, such as data processing and other general and administrative costs have remained constant, representing approximately 3 percent of all expenditures from the years 2009-10 through 2017-18.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2018
(Unaudited)

Business-Type Activities

The District did not operate any business-type activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance as a whole is reflected in the District's governmental funds. As the District completed the year, the governmental funds reported a combined fund balance of \$168 million.

General Fund Budgetary Highlights

Table A-5 presents a comparison of revenues, expenditures, and other sources/uses from the adopted budget to the year-end budget.

Table A-5			
Budget to Actual Variances			
Year Ended June 30, 2018			
<i>(in millions)</i>			
	<u>Adopted Budget</u>	<u>Year-End Budget</u>	<u>Actuals</u>
Total Revenues	\$ 256.5	\$ 262.5	\$ 263.1
Total Expenditures	273.9	274.4	273.6
Total Other Sources/Uses	(0.4)	(0.4)	(0.2)

Over the course of the year, the District revised the annual operating budget several times. The budget amendments generally fell into the following categories.

- The net increase in total revenues from the adopted budget to the year-end estimated budget was approximately \$6 million and was due primarily to the increase in federal, state and local revenues.
- The net increase in total expenditures from the adopted budget to the year-end estimated budget was \$.5 million and was due mostly to the increase in contributions from the unrestricted general fund to the restricted special education program to cover additional costs.

A comparison of the District's 2017-18 general fund ending balance and the final budgeted fund balance showed a \$1.2 million increase in the ending fund balance. The major factor that led to the increase is noted below.

- An increase in restricted categorical revenue and decrease in restricted categorical expenditures account for majority of the change.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of June 30, 2018, the District had invested \$602.2 million (before depreciation) in a broad range of capital assets including school buildings, school sites, computer equipment, and other building improvements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2018
(Unaudited)

Table A-6 CVESD Capital Assets June 30, (net of depreciation, in millions)			
	Governmental Activities		Percentage
	2018	2017	Increase (Decrease)
Land	\$ 40.3	\$ 30.0	34%
Construction in Progress	15.0	53.9	(72%)
Site Improvement	7.6	6.2	23%
Buildings	326.1	290.9	12%
Equipment and Furniture	4.8	4.8	0%
Total	\$ 393.8	\$ 385.8	2%

The \$393.8 million in net capital assets at June 30, 2018, represents an increase of approximately \$8 million or 2 percent from last year (see Table A-6). Total depreciation increased by \$10.1 million from last year. More detailed information about capital assets can be found in the notes to the financial statements.

Long-Term Debt

At year-end, the District had over \$653.7 million outstanding debt in general obligation bonds, certificates of participation (COPs), capital leases and other outstanding long-term debt (see Table A-7), which represents an increase of approximately \$34.3 million from last year. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-7 CVESD Outstanding Long-Term Debt June 30, (in millions)			
	2018	2017*	Increase (Decrease)
General Obligation Bonds	\$ 125.9	\$132.3	(\$6.4)
Certificates of Participation	149.9	158.0	(8.1)
Capital Lease	0.3	1.1	(0.8)
Net Pension Liability	334.9	283.3	51.6
Net Other Post-Employment Benefits Obligation	23.7	24.7	(1.0)
Other	19.0	20.0	(1.0)
Total	\$ 653.7	\$ 619.4	\$ 34.3

**as adjusted, see note R in the notes to the financial statements.*

- Governmental Accounting Standards Board (GASB) Statement No.68 requires Districts to report its portion of the Net Pension Liability. The net position liability represents the District's proportionate share of CalSTRS and CalPERS liabilities. In 2017-18, the net pension liability increased by \$51.6 million.
- The implementation of GASB Statement 75 resulted in a change in calculation and recognition of the net OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB.
- Bond rating information. The District maintains an "A+" rating from Standard & Poor's for the COPs issuance that closed in March 2016. The District maintains an "AA-" rating from Standard & Poor's for the School Facilities Improvement District No. 1 (SFID) 2012 Series C General Obligation Bonds issuance that closed in January 2017.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2018
(Unaudited)

- Limitation on debt. The state limits the amount of debt a district can issue to 1.25 percent of the assessed value of property within a district's boundaries. CVESD's combined direct debt ratio was 0.39 percent as of June 30, 2018.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future.

- The escalating employer pension costs continue to cause a material impact to the District.
- The District will continue to monitor the local housing market and its effect on District enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to determine the District's accountability for the money it receives. Additional financial information can be obtained by contacting the following:

Office of the Deputy Superintendent
Chula Vista Elementary School District
84 East "J" Street
Chula Vista, CA 91910

Basic Financial Statements

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 190,208,673
Receivables	13,609,746
Stores	760,196
Prepaid Expenses	30,027
Capital Assets:	
Land	40,352,913
Improvements	14,975,975
Buildings	514,215,586
Equipment	17,734,163
Work in Progress	14,977,716
Less Accumulated Depreciation	(208,435,121)
Total Assets	<u>598,429,874</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>117,145,071</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	25,773,935
Unearned Revenue	1,040,260
Long-Term Liabilities:	
Due Within One Year	20,185,728
Due in More Than One Year	633,526,754
Total Liabilities	<u>680,526,677</u>
DEFERRED INFLOWS OF RESOURCES	<u>40,913,748</u>
NET POSITION	
Net Investment in Capital Assets	122,491,720
Restricted for:	
Capital Projects	9,882,254
Debt Service	9,515,442
Educational Programs	1,279,005
Other Purposes (Expendable)	4,410,636
Other Purposes (Nonexpendable)	933,923
Unrestricted	(154,378,460)
Total Net Position	<u>\$ (5,865,480)</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 226,996,013	\$ 326,888	\$ 29,300,751	\$ -	\$ (197,368,374)
Instruction-Related Services:					
Instructional Supervision and Administration	11,772,777	180,044	4,685,524	-	(6,907,209)
Instructional Library, Media and Technology	6,120,385	125,623	495,885	-	(5,498,877)
School Site Administration	21,834,904	79,814	589,609	-	(21,165,481)
Pupil Services:					
Home-to-School Transportation	7,966,730	8,459	55,974	-	(7,902,297)
Food Services	11,886,948	1,543,617	10,574,369	-	231,038
All Other Pupil Services	26,956,572	-	6,511,283	-	(20,445,289)
General Administration:					
Centralized Data Processing	2,659,235	-	8,392	-	(2,650,843)
All Other General Administration	10,331,645	82,432	1,224,769	-	(9,024,444)
Plant Services	38,025,957	426,380	2,623,376	-	(34,976,201)
Ancillary Services	4,332,867	2,096,989	845,229	-	(1,390,649)
Community Services	686,381	300,104	341,055	-	(45,222)
Enterprise Activities	165,929	-	4,050	-	(161,879)
Interest on Long-Term Debt	9,642,354	-	-	-	(9,642,354)
Other Outgo - Transfers of Services	1,492,845	-	405,616	-	(1,087,229)
Total Expenses	\$ 380,871,542	\$ 5,170,350	\$ 57,665,882	\$ -	\$ (318,035,310)
General Revenues:					
Taxes and Subventions:					
Taxes Levied for General Purposes					100,971,543
Taxes Levied for Debt Service					9,338,334
Taxes Levied for Other Specific Purposes					909,006
Federal and State Aid Not Restricted to Specific Programs					170,217,788
Interest and Investment Earnings					1,802,177
Interagency Revenues					9,885,477
Miscellaneous					22,921,206
Total General Revenues, Special and Extraordinary Items, and Transfers					\$ 316,045,531
Change in Net Position					(1,989,779)
Net Position Beginning, As Restated (See Note T)					(3,875,701)
Net Position Ending					\$ (5,865,480)

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2018

	General Fund	Charter School Fund
ASSETS:		
Cash in County Treasury	\$ 44,783,086	\$ 18,091,704
Cash on Hand and in Banks	-	-
Cash in Revolving Fund	133,700	10,000
Cash with a Fiscal Agent/Trustee	-	-
Accounts Receivable	9,951,905	647,550
Due from Other Funds	1,461,975	1,784,592
Stores Inventories	708,898	-
Prepaid Expenditures	18,801	11,226
Total Assets	<u>57,058,365</u>	<u>20,545,072</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 8,464,360	\$ 1,518,703
Due to Other Funds	1,758,771	1,020,156
Unearned Revenue	801,092	239,168
Total Liabilities	<u>11,024,223</u>	<u>2,778,027</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	133,700	10,000
Stores Inventories	708,898	-
Prepaid Items	18,801	11,226
Restricted Fund Balances	2,140,981	687,517
Assigned Fund Balances	2,613,088	17,058,302
Unassigned:		
Reserve for Economic Uncertainty	40,418,674	-
Total Fund Balance	<u>46,034,142</u>	<u>17,767,045</u>
Total Liabilities and Fund Balances	<u>\$ 57,058,365</u>	<u>\$ 20,545,072</u>

The accompanying notes are an integral part of this statement.

Building Fund	Blended Component Unit	Other Governmental Funds	Total Governmental Funds
\$ 41,035,328	\$ 45,870,083	\$ 18,158,894	\$ 167,939,095
-	-	2,528,744	2,528,744
-	-	-	143,700
-	572,873	4,903,746	5,476,619
60,821	-	2,929,568	13,589,844
-	17,866	34,282	3,298,715
-	-	51,298	760,196
-	-	-	30,027
<u>41,096,149</u>	<u>46,460,822</u>	<u>28,606,532</u>	<u>193,766,940</u>
\$ 9,696,178	\$ -	\$ 1,949,784	\$ 21,629,025
7,950	114,449	165,681	3,067,007
-	-	-	1,040,260
<u>9,704,128</u>	<u>114,449</u>	<u>2,115,465</u>	<u>25,736,292</u>
-	-	-	143,700
-	-	51,298	760,196
-	-	-	30,027
31,392,021	46,346,373	22,689,178	103,256,070
-	-	3,750,591	23,421,981
-	-	-	40,418,674
<u>31,392,021</u>	<u>46,346,373</u>	<u>26,491,067</u>	<u>168,030,648</u>
\$ <u>41,096,149</u>	\$ <u>46,460,822</u>	\$ <u>28,606,532</u>	\$ <u>193,766,940</u>

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

Total fund balances, governmental funds: \$ 168,030,648

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost	602,256,353	
Accumulated depreciation	(208,435,121)	
Net:		393,821,232

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was: (4,140,409)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	134,002,825	
Net pension liability	334,871,034	
Net OPEB liability	23,748,296	
Compensated absences payable	1,355,976	
Certificates of participation payable	159,375,966	
Capital leases payable	358,385	
Total:		(653,712,482)

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was: 3,057,164

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	114,087,907
Deferred inflows of resources relating to pensions	(39,103,563)

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.

Deferred inflows of resources relating to OPEB	(1,810,185)
--	-------------

Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds are:

13,904,208

Total net position, governmental activities:

\$ (5,865,480)

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Charter School Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 86,501,212	\$ 24,060,967
Education Protection Account Funds	29,935,425	8,095,835
Local Sources	79,510,664	19,878,656
Federal Revenue	15,646,638	1,783,195
Other State Revenue	21,065,065	5,006,477
Other Local Revenue	30,409,165	682,026
Total Revenues	<u>263,068,169</u>	<u>59,507,156</u>
Expenditures:		
Current:		
Instruction	169,150,539	34,294,384
Instruction - Related Services	29,282,320	8,219,315
Pupil Services	31,666,256	1,612,982
Ancillary Services	4,285,406	42,594
Community Services	666,360	3,714
Enterprise	159,529	-
General Administration	12,007,510	37,952
Plant Services	23,349,503	13,387,786
Other Outgo	1,488,273	4,572
Capital Outlay	1,315,476	256,935
Debt Service:		
Principal	185,726	45,935
Interest	-	-
Total Expenditures	<u>273,556,898</u>	<u>57,906,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,488,729)</u>	<u>1,600,987</u>
Other Financing Sources (Uses):		
Transfers In	-	-
Transfers Out	(400,000)	(590,663)
Other Sources	158,646	156,475
Total Other Financing Sources (Uses)	<u>(241,354)</u>	<u>(434,188)</u>
Net Change in Fund Balance	(10,730,083)	1,166,799
Fund Balance, July 1	56,764,225	16,600,246
Fund Balance, June 30	<u>\$ 46,034,142</u>	<u>\$ 17,767,045</u>

The accompanying notes are an integral part of this statement.

Building Fund	Blended Component Unit	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 110,562,179
-	-	-	38,031,260
-	-	-	99,389,320
-	-	10,229,675	27,659,508
-	-	17,305,137	43,376,679
525,487	19,629,566	12,761,047	64,007,291
<u>525,487</u>	<u>19,629,566</u>	<u>40,295,859</u>	<u>383,026,237</u>
-	-	2,688,337	206,133,260
-	-	496,454	37,998,089
-	-	11,614,517	44,893,755
-	-	-	4,328,000
-	-	-	670,074
-	-	-	159,529
-	-	565,864	12,611,326
402,985	1,360,969	639,065	39,140,308
-	-	-	1,492,845
12,227,261	3,864,751	863,840	18,528,263
250,000	-	14,305,000	14,786,661
340,663	-	11,141,374	11,482,037
<u>13,220,909</u>	<u>5,225,720</u>	<u>42,314,451</u>	<u>392,224,147</u>
<u>(12,695,422)</u>	<u>14,403,846</u>	<u>(2,018,592)</u>	<u>(9,197,910)</u>
590,663	12,954,028	14,089,411	27,634,102
-	(13,689,411)	(12,954,028)	(27,634,102)
-	-	-	315,121
<u>590,663</u>	<u>(735,383)</u>	<u>1,135,383</u>	<u>315,121</u>
(12,104,759)	13,668,463	(883,209)	(8,882,789)
43,496,780	32,677,910	27,374,276	176,913,437
<u>\$ 31,392,021</u>	<u>\$ 46,346,373</u>	<u>\$ 26,491,067</u>	<u>\$ 168,030,648</u>

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

EXHIBIT A-6

Total change in fund balances, governmental funds: \$ (8,882,789)

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

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for Additions to Capital Assets	20,586,646	
Less Depreciation Expense	(12,595,806)	
Net		7,990,840

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 14,786,660

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (315,121)

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: (6,951)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 249,199

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (4,807)

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (16,976,671)

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (905,892)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding, for the period is: 1,590,484

Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service was:

485,269

Change in net position of governmental activities:

\$ (1,989,779)

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

JUNE 30, 2018

Nonmajor Internal Service Fund

Self-Insurance Fund

ASSETS:

Current Assets:

Cash in County Treasury

\$ 14,062,196

Cash on Hand and in Banks

58,318

Accounts Receivable

19,903

Total Current Assets

14,140,417

Total Assets

14,140,417

LIABILITIES:

Current Liabilities:

Accounts Payable

\$ 4,500

Due to Other Funds

231,709

Total Current Liabilities

236,209

Total Liabilities

236,209

NET POSITION:

Unrestricted (Deficit)

13,904,208

Total Net Position

\$ 13,904,208

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Internal Service Fund
	Self-Insurance Fund
Operating Revenues:	
Local Revenue	\$ 3,320,425
Total Revenues	<u>3,320,425</u>
Operating Expenses:	
Services and Other Operating Expenses	<u>2,835,156</u>
Total Expenses	<u>2,835,156</u>
Income (Loss) before Contributions and Transfers	485,269
Change in Net Position	<u>485,269</u>
Total Net Position - Beginning	13,418,939
Total Net Position - Ending	<u>\$ 13,904,208</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Internal Service Fund	Self-Insurance Fund
Cash Flows from Operating Activities:		
Cash Received from Interfund Services Provided	\$ 3,666,528	
Cash Payments to Other Suppliers for Goods and Services	(3,786,043)	
Net Cash Provided (Used) by Operating Activities	(119,515)	
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	175,316	
Net Cash Provided (Used) for Investing Activities	175,316	
Net Increase (Decrease) in Cash and Cash Equivalents	55,801	
Cash and Cash Equivalents at Beginning of Year	14,064,713	
Cash and Cash Equivalents at End of Year	\$ 14,120,514	
Reconciliation of Operating & Investment Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 485,269	
Adjustment to Beginning Net Position	295,404	
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	26,724	
Decrease (Increase) in Due From Other Funds	494,694	
Increase (Decrease) in Due to Other Funds	218,160	
Increase (Decrease) in Net OPEB Obligation	(1,464,450)	
Total Adjustments	(724,872)	
Net Cash Provided (Used) by Operating & Investment Activities	\$ 55,801	

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2018

	OPEB Trust Fund	Agency Fund
	Retiree Benefit Fund	Student Body Fund
ASSETS:		
Cash on Hand and in Banks	\$ -	\$ 789,090
Investments	16,803,428	-
Total Assets	<u>16,803,428</u>	<u>789,090</u>
LIABILITIES:		
Due to Student Groups	\$ -	\$ 789,090
Total Liabilities	<u>-</u>	<u>789,090</u>
NET POSITION:		
Held in Trust for OPEB Benefit	16,803,428	-
Total Net Position	<u>\$ 16,803,428</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	OPEB Trust Fund
	Retiree Benefit Fund
Additions:	
Contributions:	
Employer Contributions Direct	\$ 960,902
Employer Contributions Outside of Trust	1,638,242
Net Investment and Other Income/Expenses	1,204,287
Total Additions	<u>3,803,431</u>
Deductions:	
OPEB Reimbursements Outside of Trust	1,638,242
Administrative Expenses	8,024
Total Deductions	<u>1,646,266</u>
Change in Net Position	2,157,165
Net Position-Beginning of the Year	14,646,263
Net Position-End of the Year	<u><u>\$ 16,803,428</u></u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District and the Chula Vista Community Facilities District (the CFD) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the CFD as a component unit of the District. Therefore, the financial activities of the CFD have been included in the basic financial statements of the District as a blended component unit.

The following are those aspects of the relationship between the District and the CFD which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, criteria:

a. Manifestations of Oversight

The governing body of the CFD is substantively the same as the District's Board of Directors.

The CFD has no employees. The District's Superintendent and Deputy Superintendent function as agents of the CFD. Neither individual received additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the CFD as it is anticipated that the District will be the sole lessee of all facilities owned by the CFD.

b. Accounting and Fiscal Matters

All major financing arrangements, contracts, and other transactions of the CFD must have the consent of the District.

The District will assume a "moral obligation", and potentially a legal obligation, for any debt incurred by the CFD.

c. Scope of Public Service and Financial Presentation

The CFD was created for the sole purpose of financially assisting the District.

The CFD was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to California Government Code, commencing with Section 6500. The CFD was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities.

The CFD's financial activity is presented in the financial statements in the Capital Projects Fund for Blended Component Units.

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Based upon review of the GASB pronouncements, the District is not a component unit of any other entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Charter School Fund. This fund is used to account for the operating activities of the District operated charter schools.

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

Capital Project Fund for Blended Component Units. This fund accounts for the activities of the District's Community Facilities Districts.

In addition, the District reports the following fund types:

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

Debt Service Funds. These funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and other costs.

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

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Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

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

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

5. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

6. Assets, Liabilities, and Equity

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-50
Building Improvements	15-20
Vehicles	8-15
Office Equipment	5-15
Other Equipment	5-15

d. Compensated Absences

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

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

e. Unearned Revenue

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

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f. Interfund Activity

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

g. Property Taxes

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

h. Fund Balance Reserves and Designations

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

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i. Minimum Fund Balance

The District maintains a minimum reserve, within the general fund, an amount not less than the amount required by state law. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

7. Deferred Inflows and Deferred Outflows of Resources

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

8. Use of Estimates

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

9. Pensions

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

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

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

10. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Chula Vista Elementary School District Retiree Benefits Plan (CVESDRBP) and additions to/deductions from CVESDRBP's fiduciary net position have been determined on the same basis as they are reported by CVESDRBP. For this purpose, CVESDRBP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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11. Fair Value Measurements

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

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs for an asset or liability.

12. Change in Accounting Policies

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

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement replaces the requirements of GASB 45 and GASB 57. This statement establishes standards for recognizing and measuring OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. This statement also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service for defined benefit OPEB.

The District provides a defined benefit OPEB plan that is administered through a trust and meets the criteria specified in GASB 75. As a result, the District has adjusted measurement of OPEB liability, OPEB expense, and related deferred outflows and inflows of resources in compliance with GASB 75. The change in accounting policies resulted in an adjustment to beginning net position in order to accurately reflect current period transactions. Additional note disclosures regarding OPEB liability, OPEB expense, and related deferred inflows and outflows of resources are located in Note R. Additional note disclosures regarding the adjustment to beginning net position resulting from this change in accounting policy are located in Note O.

GASB 81 - Irrevocable Split-Interest Agreements

The primary objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government receiving resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. This statement also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In addition, this statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The District does not receive resources pursuant to an irrevocable split-interest agreement, nor does the District have any beneficial interests in irrevocable split interest agreements as of June 30, 2018. The District has adopted the accounting policies in the event that the District obtains a beneficial interest in a future split-interest agreement. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 81.

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GASB 85 - Omnibus 2017

The primary objective of this statement is to address practice issues that were identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The statement was issued as a clarifying measure to previously issued statements.

The implementation of this statement resulted in a change in how the District recognizes on-behalf payments for the special funding situation for CalSTRS pension. The results of implementing these accounting policies did not have a material effect on the financial statements and did not affect previous periods.

GASB 86 - Certain Debt Extinguishment Issues

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

The District does not have any in-substance defeasance of debt as of June 30, 2018. The District has adopted the accounting policies in the event that the District extinguishes debt through use of a legal extinguishment or through an in-substance defeasance in a future period. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 86.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$182,001,291 as of June 30, 2018). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$182,001,291. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

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

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

Cash balances on hand and in banks (\$3,376,152 as of June 30, 2018) and in the revolving fund (\$143,700) are insured up to \$250,000 by the Federal Depository Insurance Corporation.

3. Cash with Fiscal Agent

The District's cash with fiscal agent at June 30, 2018 are shown below.

Cash with Fiscal Agent Type	Maturity	Amount Reported	Fair Value
Short Term Cash Investments	<30 Days	\$ 5,476,619	\$ 5,476,619
Total Cash with Fiscal Agent		\$ 5,476,619	\$ 5,476,619

4. Investments

The District invests OPEB trust funds in the California Employers' Retiree Benefit Trust (CERBT) Strategy 1 portfolio. The CERBT Strategy 1 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

The District reports these investments at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the District's own assumptions about the assumptions market participants would use in pricing the investment based on the best information available.

The following table presents investments measured at fair value on a recurring basis at June 30, 2018:

Investment	Total	Level 1	Level 2	Level 3
OPEB investments:				
Beneficial interests in investments held by CERBT Trust	\$ 16,803,428	\$ -	\$ -	\$ 16,803,428

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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The following is a reconciliation of the beginning and ending balance of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2018:

	Beneficial Interests in Investments Held by CERBT Trust
Balance at June 30, 2017	\$ 14,646,263
Purchases/contributions of investments	1,806,563
Investment return, net	1,204,287
Distributions	(845,661)
Administrative expenses	(8,024)
Balance at June 30, 2018	<u>\$ 16,803,428</u>

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

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

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

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6. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. CalPERS invests in assets with credit ratings ranging from B1 to AAA as established by either S&P, Moody's, or Fitch. Information on the credit ratings can be found in the CalPERS Comprehensive Annual Financial Report (CAFR).

b. Custodial Credit Risk

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

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

As of June 30, 2018, the District's bank balances (including revolving cash) of \$3,833,791 was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

c. Concentration of Credit Risk

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

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

d. Interest Rate Risk

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

D. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of intergovernmental grants, entitlements, interest and other local sources as follows:

	Major Governmental Funds					
	General Fund	Charter School Fund	Building Fund	Blended Component Unit Fund	Nonmajor Governmental Funds	
Federal Government:						
Special Education Cluster	\$ 5,306,386	\$ -	\$ -	\$ -	\$ -	
Title I	72,106	-	-	-	-	
Child Nutrition	-	-	-	-	2,360,866	
Other Federal Programs	106,063	36,272	-	-	-	
State Government:						
Lottery	998,569	257,687	-	-	-	
Special Education	491,374	-	-	-	-	
Child Nutrition	-	-	-	-	175,857	
Child Development	-	-	-	-	327,011	
Facility Grant	-	257,666	-	-	-	
Other State Programs	109,000	6,256	-	-	-	
Local Sources						
Interest	79,653	24,899	60,821	-	14,950	
Quality Preschool Initiative	165,819	-	-	-	-	
After School Program	169,057	-	-	-	-	
Other Local Sources	2,453,878	64,770	-	-	50,884	
Total Accounts Receivable	<u>\$ 9,951,905</u>	<u>\$ 647,550</u>	<u>\$ 60,821</u>	<u>\$ -</u>	<u>\$ 2,929,568</u>	
		Self Insurance Fund				
Local Sources						
Interest	<u>\$ 19,903</u>					

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

E. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,000,621	\$ 10,352,292	\$ -	\$ 40,352,913
Work in progress	53,912,062	13,014,083	51,948,430	14,977,715
Total capital assets not being depreciated	<u>83,912,683</u>	<u>23,366,375</u>	<u>51,948,430</u>	<u>55,330,628</u>
Capital assets being depreciated:				
Buildings	468,040,464	46,175,123	-	514,215,587
Improvements	13,011,183	1,964,792	-	14,975,975
Equipment	19,218,799	1,028,786	2,513,422	17,734,163
Total capital assets being depreciated	<u>500,270,446</u>	<u>49,168,701</u>	<u>2,513,422</u>	<u>546,925,725</u>
Less accumulated depreciation for:				
Buildings	(177,090,874)	(11,023,819)	-	(188,114,693)
Improvements	(6,837,859)	(556,210)	-	(7,394,069)
Equipment	(14,417,053)	(1,015,777)	(2,506,471)	(12,926,359)
Total accumulated depreciation	<u>(198,345,786)</u>	<u>(12,595,806)</u>	<u>(2,506,471)</u>	<u>(208,435,121)</u>
Total capital assets being depreciated, net	<u>301,924,660</u>	<u>36,572,895</u>	<u>6,951</u>	<u>338,490,604</u>
Governmental activities capital assets, net	<u>\$ 385,837,343</u>	<u>\$ 59,939,270</u>	<u>\$ 51,955,381</u>	<u>\$ 393,821,232</u>

Depreciation was charged to functions as follows:

Instruction	\$ 11,596,395
Instruction-Related Services	72,866
Pupil Services	294,710
General Administration	361,438
Plant Services	270,397
	<u>\$ 12,595,806</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2018, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Charter School Fund	\$ 1,020,156	Charter oversight and reimbursement of expenses
General Fund	Building Fund	7,600	Reimbursement of capital projects expenses
General Fund	Blended Component Unit	96,583	Reimbursement of capital projects expenses
General Fund	Nonmajor Govt. Funds	138,494	Reimbursement of expenses
General Fund	Self-Insurance Fund	199,143	OPEB reclassification
Charter School Fund	General Fund	32,176	Transfer of Impact Aid revenue
Blended Component Unit	Blended Component Unit	17,866	Reimbursement of capital projects expenses
Nonmajor Govt. Funds	General Fund	31,679	Reimbursement of expenses and OPEB reclassification
Nonmajor Govt. Funds	Building Fund	350	Reimbursement of capital projects expenses
Nonmajor Govt. Funds	Self-Insurance Fund	2,252	OPEB reclassification
	Total	<u>\$ 1,546,299</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2018, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Govt. Funds	\$ 400,000	Pupil Transportation Expense
Charter School Fund	Building Fund	590,663	Debt Service Payment
Blended Component Unit	Nonmajor Govt. Funds	13,689,411	Debt Service Payment
Nonmajor Govt. Funds	Blended Component Unit	12,954,028	Capital Projects Expenses
	Total	<u>\$ 27,634,102</u>	

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

G. Accounts Payable

Accounts payable balances as of June 30, 2018 consist of:

	Major Governmental Funds				Nonmajor Governmental Funds
	General Fund	Charter School Fund	Building Fund	Blended Component Unit Fund	
Vendors Payable	\$ 2,997,490	\$ 334,763	\$ 9,696,178	\$ -	\$ 489,173
Payroll and Benefits	1,047,760	97,174	-	-	1,435,205
Pension Related	2,104,298	345,440	-	-	25,406
LCFF Repayment	1,095,494	741,326	-	-	-
Other Current Liabilities	1,219,318	-	-	-	-
Total	<u>\$ 8,464,360</u>	<u>\$ 1,518,703</u>	<u>\$ 9,696,178</u>	<u>\$ -</u>	<u>\$ 1,949,784</u>
	Self Insurance Fund				
Vendors Payable	\$ 4,500				
Total	<u>\$ 4,500</u>				

H. Unearned Revenue

Unearned revenue as of June 30, 2018 consisted of the following:

	Major Governmental Funds		Total Governmental Funds
	General Fund	Charter School Fund	
Federal Government:			
Title I	\$ -	\$ 78,613	\$ 78,613
Title II	129,611	26,271	155,882
Title III	34,506	37,501	72,007
Other Federal Programs	3,903	-	3,903
State Government:			
Dept. of Corrections Grant	158,400	-	158,400
Local Sources:			
After School Program	67,893	-	67,893
Project Cal-Well	87,393	-	87,393
Other Local Grants	319,386	96,783	416,169
Total	<u>\$ 801,092</u>	<u>\$ 239,168</u>	<u>\$ 1,040,260</u>

I. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. During the year ended June 30, 2018, the District did not enter into any short-term debt agreements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

J. Components of Ending Fund Balance

As of June 30, 2018 ending fund balance consisted of the following:

	Major Governmental Funds				Nonmajor Governmental Funds
	General Fund	Charter School Fund	Building Fund	Blended Component Unit Fund	
Nonspendable Fund Balances					
Revolving Cash	\$ 133,700	\$ 10,000	\$ -	\$ -	\$ -
Stores Inventories	708,898	-	-	-	51,298
Prepaid Items	18,801	11,226	-	-	-
Total Nonspendable	861,399	21,226	-	-	51,298
Restricted Fund Balances					
Capital Projects	971,681	215,514	31,392,021	46,346,373	9,125,398
Child Nutrition Program	-	-	-	-	3,467,310
Child Development Program	-	-	-	-	581,028
Debt Service	-	-	-	-	9,515,442
Educational Programs	225,974	472,003	-	-	-
Medi-Cal	943,326	-	-	-	-
Total Restricted	2,140,981	687,517	31,392,021	46,346,373	22,689,178
Assigned Fund Balances					
Capital Projects	-	-	-	-	3,341,193
Educational Programs	2,613,088	17,058,302	-	-	-
Transportation	-	-	-	-	409,398
Total Assigned	2,613,088	17,058,302	-	-	3,750,591
Unassigned Fund Balances					
For Economic Uncertainty	40,418,674	-	-	-	-
Total Fund Balance	\$ 46,034,142	\$ 17,767,045	\$ 31,392,021	\$ 46,346,373	\$ 26,491,067

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

K. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds					
Principal Balance	\$ 132,330,000	\$ -	\$ 6,460,000	\$ 125,870,000	\$ 5,530,000
Premiums	8,643,874	-	511,049	8,132,825	464,868
Total GO Bonds	140,973,874	-	6,971,049	134,002,825	5,994,868
Capital leases	1,100,702	315,121	1,057,438	358,385	117,578
Certificates of participation					
Principal Balance	158,000,000	-	8,095,000	149,905,000	13,485,000
Discounts	(405,415)	-	(10,105)	(395,310)	(10,659)
Premiums	10,431,198	-	564,922	9,866,276	598,940
Total COPs	168,025,783	-	8,649,817	159,375,966	14,073,281
Compensated absences *	1,351,169	4,807	-	1,355,976	1,355,976
Net pension liability	283,328,883	51,542,152	-	334,871,035	-
Net OPEB liability	24,652,588	1,252,873	2,157,165	23,748,296	-
Total governmental activities	\$ 619,432,999	\$ 53,114,953	\$ 18,835,469	\$ 653,712,483	\$ 21,541,703

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Net pension liability	Governmental	Govt. Funds
Net OPEB liability	Governmental	Govt. Funds

2. General Obligation Bonds

General obligation bonds at June 30, 2018 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2010 Refunding Bonds	10/13/10	3.00-3.25%	08/01/26	\$ 14,785,000
2012 Refunding Bonds	05/22/12	3.00-5.00%	08/01/28	18,580,000
2012 Election Series A	06/13/13	2.00-5.50%	08/01/37	31,000,000
2013 Series A Refunding	07/10/13	3.00-5.00%	08/01/29	30,755,000
2012 Election Series B	02/05/15	3.00-5.00%	08/01/39	14,000,000
2012 Election Series C	01/05/17	4.00-5.00%	08/01/41	45,000,000
Total GO Bonds				\$ 154,120,000

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
2010 Refunding Bonds	\$ 9,945,000	\$ -	\$ 870,000	\$ 9,075,000
2010 Bond Premium	239,086	-	20,916	218,170
2012 Refunding Bonds	14,580,000	-	1,010,000	13,570,000
2012 Bond Premium	1,713,983	-	118,733	1,595,250
2012 Election Series A	25,840,000	-	845,000	24,995,000
2012-A Bond Premium	800,256	-	26,169	774,087
2012 Series A Refunding	24,225,000	-	2,375,000	21,850,000
2012-Ref Bond Premium	2,764,065	-	270,987	2,493,078
2012 Election Series B	12,740,000	-	1,360,000	11,380,000
2012-B Bond Premium	695,488	-	74,244	621,244
2012 Election Series C	45,000,000	-	-	45,000,000
2012-C Bond Premium	2,430,996	-	-	2,430,996
Total GO Bonds	<u>\$ 140,973,874</u>	<u>\$ -</u>	<u>\$ 6,971,049</u>	<u>\$ 134,002,825</u>

The annual requirements to amortize the bonds outstanding at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 5,530,000	\$ 5,027,553	\$ 10,557,553
2020	5,300,000	4,806,778	10,106,778
2021	5,665,000	4,592,365	10,257,365
2022	6,010,000	4,356,127	10,366,127
2023	6,430,000	4,071,727	10,501,727
2024-2028	27,155,000	16,475,725	43,630,725
2029-2033	18,220,000	11,996,449	30,216,449
2034-2038	24,475,000	7,899,702	32,374,702
2039-2043	27,085,000	2,254,194	29,339,194
Totals	<u>\$ 125,870,000</u>	<u>\$ 61,480,620</u>	<u>\$ 187,350,620</u>

3. Certificates of Participation

2016 Certificates of Participation

In January 2016 the District issued \$36,785,000 of 2016 Certificates of Participation to finance the acquisition and construction of an elementary school, acquire a municipal bond insurance policy and a debt service reserve insurance policy for the certificates, and pay the costs related to the execution and delivery of the certificates. The certificates of participation bear fixed interest rates ranging from 2.00% to 5.00% with annual maturities from September 2016 through September 2040. Interest is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2016. The net proceeds of \$38,104,536 (after premium of \$2,161,675 less cost of issuance of \$842,139) were deposited to the District's Capital Project Fund for Blended Component Units for the purposes as previously stated.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Certificates of Participation issued by the District as of June 30, 2018 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2002 Refunding COPS	12/13/01	2.00-5.00%	2019	\$ 5,880,000
2003 QZAB COPS	10/01/03	N/A	2019	5,000,000
2011 Refunding COPS	10/14/10	3.00-3.63%	2026	11,220,000
2012 COPS	11/30/11	2.00-4.63%	2037	25,000,000
2013 Refunding COPS	03/20/13	3.00-5.00%	2028	41,650,000
2013 COPS Charter Schools	08/27/13	3.00-5.25%	2034	6,845,000
2014 Refunding COPS	11/06/14	3.13-5.00%	2032	42,420,000
2004 COPS	01/14/16	2.00-5.00%	2041	36,785,000
2016 Refunding COPS	03/17/16	3.00-4.00%	2021	6,600,000
Total COPS				<u>\$ 181,400,000</u>

	Beginning Balance	Increases	Decreases	Ending Balance
2002 Refunding COPS	\$ 1,010,000	\$ -	\$ 500,000	\$ 510,000
2002 Ref. COPS Premium	4,055	-	2,008	2,047
2003 QZAB COPS	5,000,000	-	-	5,000,000
2011 Refunding COPS	8,125,000	-	690,000	7,435,000
2011 Ref. COPS Premium	165,129	-	14,023	151,106
2012 COPS	21,865,000	-	545,000	21,320,000
2012 COPS Discount	(405,415)	-	(10,105)	(395,310)
2013 Refunding COPS	35,800,000	-	1,765,000	34,035,000
2013 Ref. COPS Premium	4,149,146	-	204,560	3,944,586
2013 COPS Charter Schools	6,165,000	-	250,000	5,915,000
2013 COPS Premium	4,994	-	203	4,791
2014 Refunding COPS	39,090,000	-	1,885,000	37,205,000
2014 Ref COPS Premium	3,603,919	-	173,788	3,430,131
2016 COPS	35,310,000	-	975,000	34,335,000
2016 COPS Premium	2,074,996	-	57,296	2,017,700
2016 Refunding COPS	5,635,000	-	1,485,000	4,150,000
2016 Ref. COPS Premium	428,959	-	113,044	315,915
Total COPS	<u>\$ 168,025,783</u>	<u>\$ -</u>	<u>\$ 8,649,817</u>	<u>\$ 159,375,966</u>

The annual requirements to amortize the certificates of participation at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 13,485,000	\$ 5,799,688	\$ 19,284,688
2020	8,525,000	5,413,188	13,938,188
2021	9,100,000	5,011,163	14,111,163
2022	9,950,000	4,573,642	14,523,642
2023	9,760,000	4,114,127	13,874,127
2024-2028	53,570,000	14,137,439	67,707,439
2029-2033	30,135,000	5,550,442	35,685,442
2034-2038	13,820,000	1,605,549	15,425,549
2039-2043	3,135,000	130,446	3,265,446
Totals	<u>\$ 151,480,000</u>	<u>\$ 46,335,684</u>	<u>\$ 197,815,684</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

4. Capital Leases Payable

August 1, 2014 the District entered into a capital lease with the San Diego County Office of Education for the financing of MITI ERP Implementation Costs. The lease is payable in semi-annual payments on August 1 and February 1 with an interest rate of 2.5%. The lease was repaid in full during the 2017-18 fiscal year.

During the 2016-17 fiscal year the District entered into 12 lease agreements with Copy Link to lease copy machines for various school sites. Each lease agreement carries a bargain purchase option of \$1 to purchase the machines at the end of the lease. There is no interest included in the lease payments. Repayment varies from 36 months to 60 months. Since the leases contain a bargain purchase option, the leases have been recorded as capital leases.

During the 2017-18 fiscal year the District entered into 8 lease agreements with Copy Link to lease copy machines for various school sites. Each lease agreement carries a bargain purchase option of \$1 to purchase the machines at the end of the lease. There is no interest included in the lease payments. Repayment varies from 36 months to 60 months. Since the leases contain a bargain purchase option, the leases have been recorded as capital leases.

August 1, 2017 the District entered into a lease agreement with Dell for the purchase of equipment. The total lease was for \$44,329 with principal and interest due annually for three periods beginning in 2017. The lease bears an interest rate of 1.50%.

August 11, 2017 the District entered into a lease agreement with Apple for the purchase of equipment. The total lease was for \$156,475 with principal and interest due August 16th annually for four periods beginning in 2017. The lease bears an interest rate of 8.03%.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 117,577	\$ 3,018	\$ 120,595
2020	106,422	1,833	108,255
2021	93,910	591	94,501
2022	29,072	-	29,072
2023	11,404	-	11,404
Totals	<u>\$ 358,385</u>	<u>\$ 5,442</u>	<u>\$ 363,827</u>

5. Debt Issue Premium

Debt issue premium arises when the market rate of interest is higher than the stated interest rate on the debt. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the debt and then amortize the premium over the life of the debt.

Debt issue discount arises when the market rate of interest is lower than the stated interest rate on the debt. Generally Accepted Accounting Principles (GAAP) require that the discount decrease the face value of the debt and then amortize the discount over the life of the debt.

The District has issued bonds and certificates of participation at a premium or discount. The premiums/discounts are being amortized over the life of the debt using the economic interest method.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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Premiums issued on the debt resulted in an effective interest rate as follows:

	2010 Refunding Bonds	2012 Refunding Bonds	2012 Series A Bonds	2013 Refunding Bonds	2012 Series B Bonds
Total Interest Payments	\$ 3,953,964	\$ 6,959,069	\$ 17,592,565	\$ 9,647,357	\$ 6,454,065
Less Premium	(355,444)	(2,184,212)	(960,059)	(3,509,136)	(764,272)
Plus Discount	-	-	-	-	-
Net Interest Payments	<u>3,598,520</u>	<u>4,774,857</u>	<u>16,632,506</u>	<u>6,138,221</u>	<u>5,689,793</u>
Par amount of Bonds/COPS	\$ 14,785,000	\$ 18,580,000	\$ 31,000,000	\$ 30,755,000	\$ 14,000,000
Periods	16	17	24	17	25
Effective Interest Rate	1.521%	1.512%	2.236%	1.174%	1.626%
	2012 Series C Bonds	2002 Refunding COPS	2010 Refunding COPS	2011 COPS	2013 Refunding COPS
Total Interest Payments	\$ 37,033,988	\$ 2,669,853	\$ 3,299,246	\$ 16,157,330	\$ 15,767,173
Less Premium	(2,430,996)	(23,609)	(228,030)	-	(4,827,149)
Plus Discount	-	-	-	463,543	-
Net Interest Payments	<u>34,602,992</u>	<u>2,646,244</u>	<u>3,071,216</u>	<u>16,620,873</u>	<u>10,940,024</u>
Par amount of Bonds/COPS	\$ 45,000,000	\$ 5,880,000	\$ 11,220,000	\$ 25,000,000	\$ 41,650,000
Periods	25	17	15	25	16
Effective Interest Rate	3.076%	2.647%	1.825%	2.659%	1.642%
	2013 Bonds	2014 Refunding COPS	2016 COPS	2016 Refunding COPS	
Total Interest Payments	\$ 4,627,975	\$ 15,741,344	\$ 16,558,370	\$ 714,340	
Less Premium	(5,545)	(3,910,330)	(2,161,675)	(502,419)	
Plus Discount	-	-	-	-	
Net Interest Payments	<u>4,622,430</u>	<u>11,831,014</u>	<u>14,396,695</u>	<u>211,921</u>	
Par amount of Bonds/COPS	\$ 6,845,000	\$ 42,420,000	\$ 36,785,000	\$ 6,600,000	
Periods	20	17	25	6	
Effective Interest Rate	3.377%	1.641%	1.565%	0.535%	

L. Joint Ventures (Joint Powers Agreements)

The District participates in three joint powers agreement (JPA) entities, the San Diego County Schools Risk Management (SDCSR), the San Diego County Schools Fringe Benefits Consortium (SDCSFBC), and Self-Insured Schools of California (SISC). The relationship between the District and the JPA's is such that the JPA's are not component units of the District.

The JPA's arrange for and provide for various types of insurances for its member districts as requested. Each JPA is governed by a board consisting of a representative from each member district. The board controls the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in each JPA.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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Financial information on the District's share in SDCSRM and SDCFBC for the year ended June 30, 2018 were not available at the time this report was issued. The information can be obtained by contacting the JPA directly at 6401 Linda Vista Rd., San Diego, CA 92111.

Financial information on the District's share of the SISC JPA for the year ended June 30, 2018 was not available at the time this report was issued. The information can be obtained by contacting the JPA at P.O. Box 1847, Bakersfield, CA 93003-1847.

M. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

The District has established a self-insurance fund for the purpose of accounting for other post employment benefits. The activities of the fund include payment of pay-as-you-go premiums for other post employment health insurance as well as recording of changes in the other post employment benefits liability.

N. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

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b. Benefits Paid

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

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

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	50-62
Monthly Benefits as a % of Eligible Compensation	1.1-2.4%	1.0-2.4*
Required Employee Contribution Rates (at June 30, 2018)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2018)	14.430%	14.430%
Required State Contribution Rates (at June 30, 2018)	7.083%	7.083%

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

**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

	CalPERS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.5%	1.1-2.5*
Required Employee Contribution Rates (at June 30, 2018)	7.000%	6.500%
Required Employer Contribution Rates (at June 30, 2018)	15.531%	15.531%

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

c. Contributions

CalSTRS

For the measurement period ended June 30, 2017 (measurement date), Section 22950 of the California Education Code requires members to contribute monthly to the system 9.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 12.58% of creditable compensation for the measurement period ended June 30, 2017 and 14.43% for the fiscal year ended June 30, 2018. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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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 ending June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid in 6.00%, and the employer contribution rate was 13.888% of covered payroll. For the fiscal year ending June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 15.531%.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date) the State contributed 6.976% of salaries creditable to CalSTRS. In accordance with GASB 85 the District recorded these contributions as revenue and expense in the fund financial statements based on contributions made for the measurement period (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). 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 reported each fiscal year are based on the District's proportionate share of the States contribution for the measurement period.

Contributions made by the State on behalf of the District for the past three fiscal years are as follows:

Year Ended June 30,	Contribution Rate	Contribution Amount
2016	4.550%	\$ 5,946,616
2017	5.670%	8,016,816
2018	6.976%	10,563,693

The State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	On Behalf Pension Expense
2016	\$ 11,358,542
2017	19,785,323
2018	6,419,218

d. Contributions Recognized

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), the contributions recognized for each plan were:

	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 17,788,815	\$ 6,540,888	\$ 24,329,703
Contributions - State On Behalf Payments	10,563,693	-	10,563,693
Total Contributions	<u>\$ 28,352,508</u>	<u>\$ 6,540,888</u>	<u>\$ 34,893,396</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

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

	CalSTRS	CalPERS	Total
Proportionate Share of Net Pension Liability - Governmental	\$ 247,331,021	\$ 87,540,013	\$ 334,871,034

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to measurement date June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2017 and June 30, 2018 were as follows:

	CalSTRS		
	District's Proportionate Share	State's Proportionate Share	Total For District Employees
Proportion June 30, 2017	0.2629%	0.1504%	0.4133%
Proportion June 30, 2018	0.2674%	0.1588%	0.4262%
Change in Proportion	0.0045%	0.0084%	0.0129%

	CalPERS District's Proportionate Share
Proportion June 30, 2017	0.3580%
Proportion June 30, 2018	0.3667%
Change in Proportion	0.0087%

a. Pension Expense

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), pension expense was recognized as follows:

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 34,711,239	\$ 16,830,913	\$ 51,542,152
State On Behalf Pension Expense	6,419,218	-	6,419,218
Employer Contributions to Pension Expense	21,852,545	7,701,739	29,554,284
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(3,912,747)	(1,091,550)	(5,004,297)
Differences between actual and expected experiences	(853,675)	(459,097)	(1,312,772)
Changes in assumptions	(42,765,046)	(13,639,036)	(56,404,082)
Changes in proportionate share	(281,167)	(1,083,365)	(1,364,532)
Net difference between projected and actual earnings	17,391	5,039,602	5,056,993
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(25,074)	-	(25,074)
Changes in assumptions	-	(875,834)	(875,834)
Changes in proportionate share	(1,249,884)	(44,990)	(1,294,874)
Net difference between projected and actual earnings	23,408,663	3,250,329	26,658,992
Total Pension Expense	\$ 37,321,463	\$ 15,628,711	\$ 52,950,174

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b. Deferred Outflows and Inflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 21,852,545	\$ 7,701,739	\$ 29,554,284
Differences between actual and expected experience	853,675	4,049,047	4,902,722
Changes in assumptions	42,765,046	13,639,036	56,404,082
Changes in employer's proportionate share	8,294,927	1,945,876	10,240,803
Net difference between projected and actual earnings	43,273	12,942,743	12,986,016
Total Deferred Outflows of Resources	<u>\$ 73,809,466</u>	<u>\$ 40,278,441</u>	<u>\$ 114,087,907</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (42,632)	\$ -	\$ (42,632)
Changes in assumptions	-	(1,751,669)	(1,751,669)
Changes in employer's proportionate share	(3,749,653)	(134,968)	(3,884,621)
Net difference between projected and actual earnings	(23,408,663)	(10,015,978)	(33,424,641)
Total Deferred Inflows of Resources	<u>\$ (27,200,948)</u>	<u>\$ (11,902,615)</u>	<u>\$ (39,103,563)</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2019. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2019	\$ 36,183,977	\$ 18,272,538	\$ (7,127,122)	\$ (5,961,937)	\$ 41,367,456
2020	14,331,430	10,570,797	(7,118,180)	(2,579,112)	15,204,935
2021	11,651,276	7,292,567	(7,103,481)	(1,703,279)	10,137,083
2022	11,642,783	4,142,539	(5,852,165)	(1,658,287)	8,274,870
Total	<u>\$ 73,809,466</u>	<u>\$ 40,278,441</u>	<u>\$ (27,200,948)</u>	<u>\$ (11,902,615)</u>	<u>\$ 74,984,344</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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c. Actuarial Assumptions

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

	CalSTRS	CalPERS
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.75%
Wage Growth	3.50%	3.00%
Projected Salary Increase	0.5% - 6.4% (1)	3.10% - 9.00% (1)
Investment Rate of Return	7.10% (2)	7.50% (2)
Mortality	0.073%-22.86% (3)	0.466%-32.536% (3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.1000% for CalSTRS and 7.1500% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalPERS and CalSTRS websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

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

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

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

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

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

CalSTRS

Asset Class	Assumed Allocation 06/30/2017	Long Term Expected Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

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

CalPERS

Asset Class	Assumed Allocation 06/30/2017	Real Return Years 1-10(1)	Real Return Years 11+(2)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

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

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 363,160,461	\$ 128,799,411
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 247,331,021	\$ 87,540,013
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 153,327,582	\$ 53,311,887

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

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	\$ 1,115,777,636	\$ 781,528,702	\$ 334,248,934	\$ 121,629,153	\$ 212,619,781
Changes for the year:					
Change in proportionate share	35,101,729	24,586,448	10,515,281	6,824,755	3,690,526
Service cost	25,848,406	-	25,848,406	9,630,724	16,217,682
Interest	86,219,610	-	86,219,610	32,124,117	54,095,493
Differences between expected and actual experience	1,700,777	-	1,700,777	633,684	1,067,093
Change in assumptions	85,200,849	-	85,200,849	31,744,542	53,456,307
Contributions:					
Employer	-	17,788,830	(17,788,830)	(6,627,848)	(11,160,982)
Employee	-	14,667,108	(14,667,108)	(5,464,742)	(9,202,366)
State On Behalf	-	10,563,702	(10,563,702)	(3,935,875)	(6,627,827)
Net investment income	-	107,269,096	(107,269,096)	(39,966,836)	(67,302,260)
Other income	-	306,929	(306,929)	(114,357)	(192,572)
Benefit payments, including refunds of employee contributions	(59,260,984)	(59,260,984)	-	-	-
Administrative expenses	-	(777,358)	777,358	289,632	487,726
Borrowing costs	-	(247,052)	247,052	92,048	155,004
Other expenses	-	(43,696)	43,696	16,280	27,416
Net Changes	174,810,387	114,853,023	59,957,364	25,246,124	34,711,240
Balance at June 30, 2018	\$ 1,290,588,023	\$ 896,381,725	\$ 394,206,298	\$ 146,875,277	\$ 247,331,021

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CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2017 (Previously Reported)	\$ 270,888,497	\$ 200,179,396	\$ 70,709,101
Changes for the year:			
Adjustment for change in proportionate share	6,564,794	4,851,209	1,713,585
Service cost	7,450,945	-	7,450,945
Interest	20,974,405	-	20,974,405
Differences between expected and actual experience	1,950,314	-	1,950,314
Changes in assumptions	17,048,795	-	17,048,795
Contributions - Employer	-	6,540,890	(6,540,890)
Contributions - Employee	-	3,290,870	(3,290,870)
Net plan to plan resource movement	-	(497)	497
Net investment income	-	22,778,353	(22,778,353)
Benefit payments, including refunds of employee contributions	(13,659,094)	(13,659,094)	-
Administrative expenses	-	(302,484)	302,484
Net Changes	40,330,159	23,499,247	16,830,912
Balance at June 30, 2018	\$ 311,218,656	\$ 223,678,643	\$ 87,540,013

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

O. Postemployment Benefits Other Than Pension Benefits

General Information about the OPEB Plan

A. Plan Description

Plan administration: The California Public Employees Retirement System (CalPERS) administers the Chula Vista Elementary School District Retiree Benefits Plan (Plan) through the California Employers' Retiree Benefit Trust (CERBT). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for employee groups as follows:

Certificated Employees

The District provides retiree medical benefits including prescription drug coverage to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage to age 65 subject to an annual maximum benefit allotment. The annual maximum is \$3,778 (effective July 1, 2016, the annual maximum is increased to \$6,000) and is not subject to future increases. The District also provides \$1,200 for any eligible retiree waiving coverage. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. Retirees can elect dental and vision coverage on a self-pay basis. The District does not provide any retiree health benefits beyond the retiree's attainment of age 65.

Eligibility for retiree health coverage requires retirement under STRS on or after age 55 with at least 10 years of service (5 years for employees hired prior to October 1, 2007).

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Classified Employees

The District provides retiree health benefits (including medical, dental and vision) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage to age 65 subject to an annual maximum benefit allotment. For Classified employees who retire prior to September 19, 2007, the annual maximum is \$7,509. For Classified employees who had health benefits as of September 18, 2007, the annual maximum is based on age and service at retirement with a maximum of \$7,509. For remaining eligible classified employees, the annual premium ranges from \$6,000 to \$7,509. The District also provides \$1,200 for any eligible retiree waiving coverage. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. Retirees can elect dental and vision coverage on a self-pay basis. The District does not provide any retiree health benefits beyond the retiree's attainment of age 65.

Eligibility for retiree health coverage requires retirement under PERS on or after age 55 with at least 10 years of continuous service. The last 10 years (5 years for employees who had health benefits as of September 18, 2007) must be benefit eligible.

Non-Represented Employees

The District provides retiree health benefits (including medical, dental and vision) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage to age 65 subject to an annual maximum benefit allotment. The annual maximum for Certificated management employees is \$3,778. For all other non-represented employees who had health benefits as of September 18, 2017, the annual maximum is based on years of service and age with a maximum rate ranging from \$3,781 to \$7,509. For any non-represented employee who becomes benefit eligible or who is hired after September 18, 2017, the annual maximum is \$3,778. The District also provides \$1,200 for any eligible retiree waiving coverage. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. Retirees can elect dental and vision coverage on a self-pay basis. The District does not provide any retiree health benefits beyond the retiree's attainment of age 65.

Eligibility for retiree health coverage requires retirement under PERS or STRS on or after age 55 with at least 10 years of service (5 years of service for non-represented Certificated employees hired prior to October 1, 2007).

Board Representation

Management of the Plan are vested in the CalPERS Board, which consists of thirteen members. The Board is made up of:

Six Elected Members - Two elected by and from all CalPERS members. One elected by and from all active state members. One elected by and from all active CalPERS school members. One elected by and from all active CalPERS public agency members. Finally one elected by and from retired members of CalPERS.

Three Appointed Members - Two appointed by the Governor consisting of an elected official of a local government and an official of a life insurer. One appointed jointly by the Speaker of the Assembly and the Senate Rules Committee.

Four Ex Officio Members - The State Treasurer, the State Controller, The Director of the California Department of Human Resources, and a Representative of the State Personnel Board.

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Employees Covered by Benefit Terms

At measurement date, June 30, 2018, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	172
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	3,013
Total plan membership	<u>3,185</u>

Benefits Provided

In general, the District provides medical benefits to eligible retirees through age 65 up to an annual maximum. Effective in 2007, eligibility for retiree health benefits requires at least 10 years (5 years for certificated employees hired prior to October 1, 2007) of service and retirement under CalSTRS or CalPERS on or after age 55. Detailed plan provisions applicable to each employee group are notated above. The District participates in several partially-experienced rated insurance products for its retiree medical coverage. The premiums billed for retiree medical coverage under age 65 are the same as those for active medical coverage resulting in a rate subsidy.

Contributions

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

B. Investments

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the CalPERS Board by a majority vote of its members. It is the policy of CalPERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The CERBT provides participating employers with the choice of three investment allocation strategies. The expected rate of return of assets is dependent on the funding strategy of a participating employer and which investment allocation strategy is selected. For employers fully funding their annual required contribution, strategy 1 has a CERBT published median yield of 7.28%, strategy 2 has a published median yield of 6.73% and strategy 3 has a published median yield of 6.12%. The District has elected to participate in CERBT Strategy 1. The Objective of CERBT Strategy 1 portfolio is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. There is no guarantee that the portfolio will achieve its investment objective.

Investment Strategy

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

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

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

Concentrations

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

Rate of Return

For the year ended June 30, 2017, the time weighted investment rates of return for CERBT Strategy 1 were:

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

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

For the year ended June 30, 2017, the money-weighted rate of return, net of investment expense, was 10.0%.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

C. Net OPEB Liability of the District and the Plan

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year:	July 1st to June 30th
Measurement Date:	June 30, 2018
Funding Policy:	Pay-as-you-go
Asset Return:	7.0% per annum; assumes the District invests in the CERBT asset allocation Strategy 1 with a margin for adverse deviation of 28 bps.
Discount Rate:	5.16% per annum. The discount rate is a blended rate between the rate of return at 7.0% and 3.5%, the resulting rate using the average of 3 - 20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20- Bond GO index, Fidelity GO AA 20 Year Bond Index.
Inflation:	2.75% per annum
Payroll Increases:	3.00% per annum, in aggregate
Pre-retirement turnover:	According to the Crocker-Sarason T-5 turnover table less mortality. Sample rates are as follows:

Age	Males	Females
20	7.9%	7.9%
25	7.7%	7.7%
30	7.2%	7.2%
35	6.3%	6.3%
40	5.2%	5.2%
45	4.0%	4.0%
50	2.6%	2.6%
55	0.9%	0.9%

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

Mortality Rates:

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

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

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

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

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

Retirement Rates:

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

Retirement Eligibility Age:	The earliest retirement age assumed for employees who participate in CalSTRS is age 55. The earliest retirement age assumed for employees who participate in CalPERS is age 50.
Participation Rates:	85% of future active employees are assumed to elect retiree health coverage at retirement. Approximately 75% are assumed to elect the Kaiser HMO 10 Plan and the remainder in the Select HMO Network or the Network I HMO if Certificated employee.
Spouse Coverage:	15% of future retirees electing coverage are assumed to elect coverage for their spouse. Spouses are assumed to be the same age as retiree.
Average Claim Costs:	The valuation was based on the premiums and funding rates furnished by the District. These costs include medical and prescription drug for both active and retired employees.

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

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

Medical Trend Rates:	Medical costs are adjusted in future years by the following trends:
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Year	Trend
2018	7.0%
2019	6.5%
2020	6.0%
2021	5.5%
2022+	5.0%

Future Increases on District's Maximum:	No future increases are assumed in the current maximum.
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Actuarial Cost Method:	The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the "cost" is based on the projected benefit expected to be paid at retirement.
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CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount rate

The Discount rate used to measure the total OPEB liability was 5.16% (an increase from 4.52% used in the June 30, 2017 measurement date). The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	\$ 39,298,851	\$ 14,646,263	\$ 24,652,588
Changes for the year:			
Service cost	2,953,889	-	2,953,889
Interest	1,872,800	-	1,872,800
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	(1,935,574)	-	(1,935,574)
Contributions - Employer	-	2,599,144	(2,599,144)
Net investment income	-	1,204,287	(1,204,287)
Benefit payments, including refunds of employee contributions	(1,638,242)	(1,638,242)	-
Administrative expenses	-	(8,024)	8,024
Net Changes	1,252,873	2,157,165	(904,292)
Balance at June 30, 2018	\$ 40,551,724	\$ 16,803,428	\$ 23,748,296

Sensitivity of the net OPEB liability to changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.16%) or 1-percentage point higher (6.16%) than the current discount rate:

	1% Decrease (4.16%)	Discount Rate (5.16%)	1% Increase (6.16%)
Net OPEB Liability	\$ 25,648,160	\$ 23,748,296	\$ 22,085,915

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 4%) or 1-percentage point higher (8% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease 6% decreasing to 4%	Healthcare Cost Trend Rates 7% decreasing to 5%	1% Increase 8% decreasing to 6%
Net OPEB Liability	\$ 21,373,466	\$ 23,748,296	\$ 26,598,092

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the fiduciary fund financial statements found at Exhibits A-10 and A-11.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$3,505,037. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 1,693,627
Differences between projected & actual earnings	-	116,558
Total	\$ -	\$ 1,810,185

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect On OPEB Expense
2019	\$ -	\$ (271,087)	\$ (271,087)
2020	-	(271,087)	(271,087)
2021	-	(271,087)	(271,087)
2022	-	(271,085)	(271,085)
2023	-	(241,947)	(241,947)
2024	-	(483,892)	(483,892)
Total	\$ -	\$ (1,810,185)	\$ (1,810,185)

Payable to the OPEB Plan

At June 30, 2018, the District did not have any payables to the OPEB plan outstanding.

P. Deferred Outflows of Resources

The District issued refunding bonds in July 2013 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$1,104,136 was recognized as a deferred outflow of resources. The loss on refunding will be amortized over sixteen years based on the debt service of the new refunding bonds.

The District issued refunding certificates of participation (COPs) in November 2014 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$2,500,330 was recognized as a deferred outflow of resources. The loss on refunding will be amortized over seventeen years based on the debt service of the new certificates of participation.

The District issued refunding certificates of participation (COPs) in March 2016 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$510,436 was recognized as a deferred outflow of resources. The loss on refunding will be amortized over six years based on the debt service of the new certificates of participation.

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

In accordance with GASB Statement No. 75, payments for OPEB liabilities made subsequent to the measurement date are recorded as deferred outflows of resources.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

A summary of the deferred outflows of resources as of June 30, 2018 is as follows:

Description	Issue Date	Amortization Term
Refunding Loss - 2013 Bonds	07/10/13	16 Years
Refunding Loss - 2015 COPs	11/06/14	17 Years
Refunding Loss - 2016 COPs	03/17/16	6 Years
Pension Related	Varies	Varies

Description	Balance July 1, 2017	Additions	Current Year Amortization	Balance June 30, 2018
Refunding Loss - 2013 Bonds	\$ 833,851	\$ -	\$ 69,009	\$ 764,842
Refunding Loss - 2015 COPs	2,120,378	-	147,078	1,973,300
Refunding Loss - 2016 COPs	404,095	-	85,073	319,022
Pension Related	55,059,217	108,480,905	49,452,215	114,087,907
Total Deferred Outflows	<u>\$ 58,417,541</u>	<u>\$ 108,480,905</u>	<u>\$ 49,753,375</u>	<u>\$ 117,145,071</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Losses	Pension Related	Total
2018	\$ 301,160	\$ 54,456,515	\$ 54,757,675
2019	301,160	24,902,227	25,203,387
2020	301,160	18,943,843	19,245,003
2021	279,890	15,785,322	16,065,212
2022	216,087	-	216,087
2023-2027	1,080,435	-	1,080,435
2028-2032	577,272	-	577,272
Total	<u>\$ 3,057,164</u>	<u>\$ 114,087,907</u>	<u>\$ 117,145,071</u>

Q. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, certain items related to pensions as identified in the GASB statement are recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2018 is as follows:

Description	Amortization Term	Balance July 1, 2017	Additions	Current Year Amortization	Balance June 30, 2018
Pension Related	Varies	\$ 14,640,353	\$ 37,552,272	\$ 13,089,062	\$ 39,103,563
OPEB - Changes of Assumptions	8 Years	-	1,935,574	241,947	1,693,627
OPEB - Differences Between Projected & Actual Earnings	5 Years	-	145,698	29,140	116,558
Total Deferred Inflows of Resources		<u>\$ 14,640,353</u>	<u>\$ 39,633,544</u>	<u>\$ 13,360,149</u>	<u>\$ 40,913,748</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related	OPEB Related	Total
2019	\$ 13,089,059	\$ 271,087	\$ 13,360,146
2020	9,697,292	271,087	9,968,379
2021	8,806,760	271,087	9,077,847
2022	7,510,452	271,085	7,781,537
2023	-	241,947	241,947
Thereafter	-	483,892	483,892
Total	\$ 39,103,563	\$ 1,810,185	\$ 40,913,748

R. Adjustments to Beginning Balance

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Implementation of GASB Statement No. 75 resulted in a change in calculations of net OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB. In addition, the District made a change to account for net OPEB liability in the government-wide financial statement conversion entries as opposed to the self-insurance fund. The result of applying the changes in accounting policy is an adjustment to beginning net position on the government wide financial statements.

A summary of adjustments to beginning balance are as follows:

	Government Wide Financial Statements	Self Insurance Fund
Beginning Net Position - Originally Stated	\$ 20,481,480	\$ 13,123,536
Adjustments for Accounting Policy Change:		
Removal of OPEB Assets from Self-Insurance Fund	(1,169,043)	(1,169,047)
Net OPEB Liability	(23,188,138)	1,464,450
Total Adjustments	(24,357,181)	295,403
Beginning Net Position - As Restated	\$ (3,875,701)	\$ 13,418,939

S. Commitments and Contingencies

Litigation

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

State and Federal Allowances, Awards, and Grants

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

T. Construction Commitments

As of June 30, 2018 the District had the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Construction in Process:		
Modernization - Harborside	\$ 7,691,638	August 2018
Modernization - Kellogg	7,510,421	August 2018
Modernization - Montgomery	8,588,487	August 2018
Modernization - Sunnyside	10,393,522	August 2019
Phone System Replacement	834,000	June 2021
CNS Kitchen HVAC Replacement	1,318,152	June 2021

*Expected date of completion subject to change.

U. Subsequent Events

Implementation of New Accounting Guidance

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2019. Those newly implemented pronouncements are as follows:

GASB 83 - Certain Asset Retirement Obligations

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

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

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

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

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

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

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 95,826,170	\$ 90,155,989	\$ 86,501,212	\$ (3,654,777)
Education Protection Account Funds	27,242,102	27,760,992	29,935,425	2,174,433
Local Sources	73,148,787	78,507,728	79,510,664	1,002,936
Federal Revenue	14,192,362	15,770,119	15,646,638	(123,481)
Other State Revenue	16,510,692	20,698,068	21,065,065	366,997
Other Local Revenue	29,563,945	29,644,236	30,409,165	764,929
Total Revenues	<u>256,484,058</u>	<u>262,537,132</u>	<u>263,068,169</u>	<u>531,037</u>
Expenditures:				
Current:				
Certificated Salaries	125,706,403	127,873,651	127,973,303	(99,652)
Classified Salaries	44,865,208	45,633,952	45,675,581	(41,629)
Employee Benefits	62,756,983	63,399,111	62,537,229	861,882
Books And Supplies	11,750,876	8,055,535	8,436,719	(381,184)
Services And Other Operating Expenditures	26,686,787	27,268,387	26,472,054	796,333
Other Outgo	875,190	1,524,592	1,488,273	36,319
Direct Support/Indirect Costs	(508,688)	(504,914)	(527,463)	22,549
Capital Outlay	1,293,846	1,078,930	1,315,476	(236,546)
Debt Service:				
Principal	426,481	110,564	185,726	(75,162)
Interest	56,411	-	-	-
Total Expenditures	<u>273,909,497</u>	<u>274,439,808</u>	<u>273,556,898</u>	<u>882,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,425,439)</u>	<u>(11,902,676)</u>	<u>(10,488,729)</u>	<u>1,413,947</u>
Other Financing Sources (Uses):				
Transfers Out	(442,210)	(442,210)	(400,000)	42,210
Other Sources	-	-	158,646	158,646
Total Other Financing Sources (Uses)	<u>(442,210)</u>	<u>(442,210)</u>	<u>(241,354)</u>	<u>200,856</u>
Net Change in Fund Balance	(17,867,649)	(12,344,886)	(10,730,083)	1,614,803
Fund Balance, July 1	56,764,225	56,764,225	56,764,225	-
Fund Balance, June 30	<u>\$ 38,896,576</u>	<u>\$ 44,419,339</u>	<u>\$ 46,034,142</u>	<u>\$ 1,614,803</u>

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-2

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 26,347,515	\$ 24,772,604	\$ 24,060,967	\$ (711,637)
Education Protection Account Funds	7,803,424	7,620,063	8,095,835	475,772
Local Sources	18,628,188	19,722,982	19,878,656	155,674
Federal Revenue	1,684,043	1,916,490	1,783,195	(133,295)
Other State Revenue	2,965,306	4,893,475	5,006,477	113,002
Other Local Revenue	398,551	576,965	682,026	105,061
Total Revenues	<u>57,827,027</u>	<u>59,502,579</u>	<u>59,507,156</u>	<u>4,577</u>
Expenditures:				
Current:				
Certificated Salaries	25,060,488	25,068,365	25,068,457	(92)
Classified Salaries	5,977,899	5,660,715	5,675,683	(14,968)
Employee Benefits	11,262,110	10,860,650	10,480,974	379,676
Books And Supplies	3,822,822	2,614,311	2,360,445	253,866
Services And Other Operating Expenditures	13,214,882	14,592,559	14,013,168	579,391
Other Outgo	-	-	4,572	(4,572)
Capital Outlay	633,605	319,630	256,935	62,695
Debt Service:				
Principal	-	-	45,935	(45,935)
Total Expenditures	<u>59,971,806</u>	<u>59,116,230</u>	<u>57,906,169</u>	<u>1,210,061</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,144,779)</u>	<u>386,349</u>	<u>1,600,987</u>	<u>1,214,638</u>
Other Financing Sources (Uses):				
Transfers Out	(590,663)	(590,663)	(590,663)	-
Other Sources	-	-	156,475	156,475
Total Other Financing Sources (Uses)	<u>(590,663)</u>	<u>(590,663)</u>	<u>(434,188)</u>	<u>156,475</u>
Net Change in Fund Balance	(2,735,442)	(204,314)	1,166,799	1,371,113
Fund Balance, July 1	16,600,246	16,600,246	16,600,246	-
Fund Balance, June 30	<u>\$ 13,864,804</u>	<u>\$ 16,395,932</u>	<u>\$ 17,767,045</u>	<u>\$ 1,371,113</u>

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.2674%	0.2629%	0.2722%	0.2486%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 247,331,021	\$ 212,619,782	\$ 183,229,918	\$ 145,264,393	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 146,874,862	\$ 119,057,131	\$ 101,053,192	\$ 92,447,062	N/A	N/A	N/A	N/A	N/A	N/A
Total share of net pension liability (asset) associated with the District	\$ 394,205,883	\$ 331,676,913	\$ 284,283,110	\$ 237,711,455	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 141,405,525	\$ 130,607,697	\$ 125,770,927	\$ 110,149,188	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A

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

N/A - 2014-15 was the first implementation year and as such, no information is being presented for years prior to implementation.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 21,852,545	\$ 17,788,815	\$ 14,014,206	\$ 11,168,458	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(21,852,545)	(17,788,815)	(14,014,206)	(11,168,458)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 151,438,288	\$ 141,405,525	\$ 130,607,698	\$ 125,770,927	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Schedule:

N/A - 2014-15 was the first year of implementation and as such, information is not being presented for years prior to implementation.

See Accompanying Notes to Required Supplementary Information

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.3667%	0.3580%	0.3595%	0.3469%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 87,540,013	\$ 70,709,101	\$ 52,997,397	\$ 39,379,678	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 14,097,408	\$ 43,354,984	\$ 39,983,840	\$ 36,473,082	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	620.97%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A

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

N/A - 2014-15 was the first year of implementation and as such, years previous to implementation are not presented in this schedule.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 7,701,739	\$ 6,540,888	\$ 5,136,265	\$ 4,706,498	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(7,701,739)	(6,540,888)	(5,136,265)	(4,706,498)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	-	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 49,589,460	\$ 47,097,408	\$ 43,354,984	\$ 39,983,842	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A

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N/A - 2014-15 fiscal year was the first year of implementation and as such, years previous to implementation are not presented in this schedule.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S

NET OPEB LIABILITY AND RELATED RATIOS

CVESD RETIREE HEALTH BENEFIT PLAN

LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	\$ 2,953,889	\$ 3,138,563	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	1,872,800	1,563,808	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(1,935,574)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments, including refunds of employee contributions	(1,638,242)	(1,724,807)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,252,873	2,977,564	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	39,298,851	36,321,287	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending (a)	\$ 40,551,724	\$ 39,298,851	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Plan fiduciary net position:										
Contributions - employer	\$ 2,599,144	\$ 3,287,739	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions - employee	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	1,204,287	1,353,456	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments, including refunds of employee contributions	(1,638,242)	(1,864,078)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expense	(8,024)	(6,985)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	2,157,165	2,770,132	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	14,646,263	11,876,131	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending (b)	\$ 16,803,428	\$ 14,646,263	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's net OPEB liability - ending (a) - (b)	\$ 23,748,296	\$ 24,652,588	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Plan fiduciary net position as a percentage of the total OPEB liability	41.44%	37.27%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 184,304,000	\$ 184,304,000	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's net OPEB liability as a percentage of covered-employee payroll	12.89%	13.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CVESD RETIREE HEALTH BENEFIT PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,811,047	\$ 3,328,528	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the actuarially determined contribution	(2,599,144)	(3,287,739)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ (788,097)	\$ 40,789	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Covered-employee payroll	\$ 184,304,000	\$ 184,304,000	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	1.41%	1.78%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT**EXHIBIT B-9**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
CVESD RETIREE HEALTH BENEFIT PLAN
LAST TEN FISCAL YEARS*

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2018	7.2%
2017	10.0%
2016	1.6%
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A
2010	N/A
2009	N/A

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

N/A - The money-weighted rate of return, net of investment expenses is not available for periods prior to 2016.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Excess of Expenditures Over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund		
Certificated Salaries	\$ 99,652	The District underestimated salary increases
Classified Salaries	41,629	The District underestimated salary increases
Books and Supplies	381,184	The District underestimated costs of books and supplies
Capital Outlay	236,546	The District underestimated costs of replacing equipment
Debt Service Principal	75,162	The District budgeted for capital lease payments in a different category
Charter School Fund		
Certificated Salaries	92	The District underestimated salary increases
Classified Salaries	14,968	The District underestimated salary increases
Other Outgo	4,572	The District underestimated tuition costs
Debt Service Principal	45,935	The District budgeted for capital lease payments in a different category

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

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

- 1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits
- 2) Changes in Assumptions: In 2015, 2016 & 2017 there were no changes in assumptions. In 2018 there was a change in discount rate from 7.60% to 7.10%.

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

The total pension liability for California State Teachers Retirement System was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015 & 2016 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016 & 2017 (measurement dates). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018
Measurement Date	06/30/17
Valuation Date	06/30/16
Experience Study	07/01/10 - 06/30/15
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth (Average)	3.50%
Post-retirement Benefit Increases	2.00% Simple

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on CalSTRS website.

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

1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits

2) Changes in Assumptions: In 2015 and 2017 there were no changes in assumptions. In 2016 the discount rate was changed from 7.5% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%.

Schedule of District's Contributions - California Public Employees' Retirement System

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, & 2016 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016 & 2017 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018
Measurement Date	06/30/17
Valuation Date	06/30/16
Experience Study	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth (Average)	3.00%
Post-retirement Benefit Increases	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the April 2014 experience study report (based on demographic data from 1997 to 2011) available on CalPERS website.

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

- 1) Benefit Changes: In 2018 there were no changes to benefits.
- 2) Changes in Assumptions: In 2018 there were no changes in assumptions.
- 3) The following are the discount rates used for each period:

Year	Discount Rate
2017	4.52%
2018	5.16%

Schedule of District's Contributions to OPEB Plan

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate:

<u>Reporting Period</u>	<u>June 30, 2018</u>
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll
Asset Valuation Method	Market Value
Investment Rate of Return	7.00%
Consumer Price Inflation	2.75%
Salary Increases	3.00%
Healthcare Cost Trend Rates	7% decreasing to 5%
Average Retirement Age	58 Years
Mortality	CalPERS & CalSTRS Mortality Rates

Combining Statements as Supplementary Information

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 832,863	\$ 9,515,442	\$ 7,810,589	\$ 18,158,894
Cash on Hand and in Banks	2,528,744	-	-	2,528,744
Cash with a Fiscal Agent/Trustee	-	-	4,903,746	4,903,746
Accounts Receivable	2,916,236	-	13,332	2,929,568
Due from Other Funds	33,932	-	350	34,282
Stores Inventories	51,298	-	-	51,298
Total Assets	<u>6,363,073</u>	<u>9,515,442</u>	<u>12,728,017</u>	<u>28,606,532</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 1,710,409	\$ -	\$ 239,375	\$ 1,949,784
Due to Other Funds	143,631	-	22,050	165,681
Total Liabilities	<u>1,854,040</u>	<u>-</u>	<u>261,425</u>	<u>2,115,465</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	51,298	-	-	51,298
Restricted Fund Balances	4,048,338	9,515,442	9,125,398	22,689,178
Assigned Fund Balances	409,397	-	3,341,194	3,750,591
Total Fund Balance	<u>4,509,033</u>	<u>9,515,442</u>	<u>12,466,592</u>	<u>26,491,067</u>
Total Liabilities and Fund Balances	<u>\$ 6,363,073</u>	<u>\$ 9,515,442</u>	<u>\$ 12,728,017</u>	<u>\$ 28,606,532</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 10,229,675	\$ -	\$ -	\$ 10,229,675
Other State Revenue	4,274,438	76,671	12,954,028	17,305,137
Other Local Revenue	1,609,561	9,356,051	1,795,435	12,761,047
Total Revenues	<u>16,113,674</u>	<u>9,432,722</u>	<u>14,749,463</u>	<u>40,295,859</u>
Expenditures:				
Current:				
Instruction	2,688,337	-	-	2,688,337
Instruction - Related Services	496,454	-	-	496,454
Pupil Services	11,614,517	-	-	11,614,517
General Administration	527,463	-	38,401	565,864
Plant Services	92,644	-	546,421	639,065
Capital Outlay	543,679	-	320,161	863,840
Debt Service:				
Principal	-	14,305,000	-	14,305,000
Interest	-	11,141,374	-	11,141,374
Total Expenditures	<u>15,963,094</u>	<u>25,446,374</u>	<u>904,983</u>	<u>42,314,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>150,580</u>	<u>(16,013,652)</u>	<u>13,844,480</u>	<u>(2,018,592)</u>
Other Financing Sources (Uses):				
Transfers In	400,000	13,689,411	-	14,089,411
Transfers Out	-	-	(12,954,028)	(12,954,028)
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>13,689,411</u>	<u>(12,954,028)</u>	<u>1,135,383</u>
Net Change in Fund Balance	550,580	(2,324,241)	890,452	(883,209)
Fund Balance, July 1	3,958,453	11,839,683	11,576,140	27,374,276
Fund Balance, June 30	<u>\$ 4,509,033</u>	<u>\$ 9,515,442</u>	<u>\$ 12,466,592</u>	<u>\$ 26,491,067</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2018

	Child Development Fund	Cafeteria Fund	Pupil Transportation Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 421,976	\$ 296	\$ 410,591	\$ 832,863
Cash on Hand and in Banks	-	2,528,744	-	2,528,744
Accounts Receivable	328,037	2,587,607	592	2,916,236
Due from Other Funds	33,932	-	-	33,932
Stores Inventories	-	51,298	-	51,298
Total Assets	<u>783,945</u>	<u>5,167,945</u>	<u>411,183</u>	<u>6,363,073</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 59,521	\$ 1,649,336	\$ 1,552	\$ 1,710,409
Due to Other Funds	143,397	-	234	143,631
Total Liabilities	<u>202,918</u>	<u>1,649,336</u>	<u>1,786</u>	<u>1,854,040</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	-	51,298	-	51,298
Restricted Fund Balances	581,027	3,467,311	-	4,048,338
Assigned Fund Balances	-	-	409,397	409,397
Total Fund Balance	<u>581,027</u>	<u>3,518,609</u>	<u>409,397</u>	<u>4,509,033</u>
Total Liabilities and Fund Balances	<u>\$ 783,945</u>	<u>\$ 5,167,945</u>	<u>\$ 411,183</u>	<u>\$ 6,363,073</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Child Development Fund	Cafeteria Fund	Pupil Transportation Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Federal Revenue	\$ -	\$ 10,229,675	\$ -	\$ 10,229,675
Other State Revenue	3,560,146	714,292	-	4,274,438
Other Local Revenue	9,322	1,597,562	2,677	1,609,561
Total Revenues	<u>3,569,468</u>	<u>12,541,529</u>	<u>2,677</u>	<u>16,113,674</u>
Expenditures:				
Current:				
Instruction	2,688,337	-	-	2,688,337
Instruction - Related Services	496,454	-	-	496,454
Pupil Services	870	11,609,713	3,934	11,614,517
General Administration	113,009	414,454	-	527,463
Plant Services	92,644	-	-	92,644
Capital Outlay	-	246,961	296,718	543,679
Total Expenditures	<u>3,391,314</u>	<u>12,271,128</u>	<u>300,652</u>	<u>15,963,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>178,154</u>	<u>270,401</u>	<u>(297,975)</u>	<u>150,580</u>
Other Financing Sources (Uses):				
Transfers In	-	-	400,000	400,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Net Change in Fund Balance	178,154	270,401	102,025	550,580
Fund Balance, July 1	402,873	3,248,208	307,372	3,958,453
Fund Balance, June 30	<u>\$ 581,027</u>	<u>\$ 3,518,609</u>	<u>\$ 409,397</u>	<u>\$ 4,509,033</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

JUNE 30, 2018

	Bond Interest & Redemption	Blended Component Unit	Total Nonmajor Debt Service Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 9,515,442	\$ -	\$ 9,515,442
Total Assets	<u>9,515,442</u>	<u>-</u>	<u>9,515,442</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted Fund Balances	\$ 9,515,442	\$ -	\$ 9,515,442
Total Fund Balance	<u>9,515,442</u>	<u>-</u>	<u>9,515,442</u>
Total Liabilities and Fund Balances	<u>\$ 9,515,442</u>	<u>\$ -</u>	<u>\$ 9,515,442</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Bond Interest & Redemption	Blended Component Unit	Total Nonmajor Debt Service Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ 76,671	\$ -	\$ 76,671
Other Local Revenue	9,356,051	-	9,356,051
Total Revenues	<u>9,432,722</u>	<u>-</u>	<u>9,432,722</u>
Expenditures:			
Current:			
Debt Service:			
Principal	6,460,000	7,845,000	14,305,000
Interest	5,296,963	5,844,411	11,141,374
Total Expenditures	<u>11,756,963</u>	<u>13,689,411</u>	<u>25,446,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,324,241)</u>	<u>(13,689,411)</u>	<u>(16,013,652)</u>
Other Financing Sources (Uses):			
Transfers In	-	13,689,411	13,689,411
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,689,411</u>	<u>13,689,411</u>
Net Change in Fund Balance	(2,324,241)	-	(2,324,241)
Fund Balance, July 1	11,839,683	-	11,839,683
Fund Balance, June 30	<u>\$ 9,515,442</u>	<u>\$ -</u>	<u>\$ 9,515,442</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2018

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 7,441,531	\$ 369,058	\$ 7,810,589
Cash with a Fiscal Agent/Trustee	4,903,746	-	4,903,746
Accounts Receivable	10,127	3,205	13,332
Due from Other Funds	350	-	350
Total Assets	<u>12,355,754</u>	<u>372,263</u>	<u>12,728,017</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 173,308	\$ 66,067	\$ 239,375
Due to Other Funds	21,740	310	22,050
Total Liabilities	<u>195,048</u>	<u>66,377</u>	<u>261,425</u>
Fund Balance:			
Restricted Fund Balances	8,819,512	305,886	9,125,398
Assigned Fund Balances	3,341,194	-	3,341,194
Total Fund Balance	<u>12,160,706</u>	<u>305,886</u>	<u>12,466,592</u>
Total Liabilities and Fund Balances	<u>\$ 12,355,754</u>	<u>\$ 372,263</u>	<u>\$ 12,728,017</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

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

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ -	\$ 12,954,028	\$ 12,954,028
Other Local Revenue	1,787,438	7,997	1,795,435
Total Revenues	<u>1,787,438</u>	<u>12,962,025</u>	<u>14,749,463</u>
Expenditures:			
Current:			
General Administration	38,401	-	38,401
Plant Services	381,759	164,662	546,421
Capital Outlay	320,161	-	320,161
Total Expenditures	<u>740,321</u>	<u>164,662</u>	<u>904,983</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,047,117</u>	<u>12,797,363</u>	<u>13,844,480</u>
Other Financing Sources (Uses):			
Transfers Out	-	(12,954,028)	(12,954,028)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,954,028)</u>	<u>(12,954,028)</u>
Net Change in Fund Balance	1,047,117	(156,665)	890,452
Fund Balance, July 1	11,113,589	462,551	11,576,140
Fund Balance, June 30	<u>\$ 12,160,706</u>	<u>\$ 305,886</u>	<u>\$ 12,466,592</u>

Other Supplementary Information

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

Supplementary Information Section

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2018

The Chula Vista Elementary School District was established in 1892 and is comprised of an area of approximately 103 square miles in San Diego County. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating forty six elementary schools and is the largest kindergarten through grade six district in the state. In April 1994, the District authorized the Mueller Charter School which provides education to students in grades K-12. In May 1994, the District authorized the Discovery Charter School which provides education to students in grades K-8. In August 1997, the District authorized the Feaster Charter School which provides education to students in grades K-8. In July 1998, the District authorized the Chula Vista Learning Community Charter School which provides education to students in grades K-12. In May 2002, the District authorized the Arroyo Vista Charter School which provides education to students in grades K-8. In addition to the forty-six schools, in July 2009, the District authorized the Leonardo Da Vinci Health Sciences Charter School which is organized under the Non-Profit Public Benefit Corporation Law which provides education to students in grades K-6. In February 2011, the District authorized the Howard Gardner Community Charter School which is organized under the Non-Profit Public Benefit Corporation Law which provides education to students in grades K-8. In May 2018, the District authorized the Learning Choice Academy - Chula Vista, which was established under Nonprofit Public Benefit Corporation Law and which provides education to students in grades K-12.

<u>Governing Board</u>		
<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Leslie Ray Bunker	President	Four Year Term Expires December 2018
Laurie K. Humphrey	Vice President	Four Year Term Expires December 2020
Armando Farias	Clerk	Four Year Term Expires December 2020
Francisco Tamayo	Member	Four Year Term Expires December 2018
Eduardo Reyes, Ed.D.	Member	Four Year Term Expires December 2018

<u>Administration</u>
Dr. Francisco Escobedo Superintendent
Mr. Oscar Esquivel Deputy Superintendent
Dr. Jeffrey J. Thiel Assistant Superintendent Human Resources
Dr. Matthew Tessier Assistant Superintendent Innovation & Instruction

CHULA VISTA ELEMENTARY SCHOOL DISTRICTSCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018**TABLE D-1****Chula Vista Elementary School District**

	Second Period Report Certificate #C13179C0		Annual Report Certificate #CCDEB7BB	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	12,576.93	N/A	12,595.49	N/A
Extended Year Special Education	11.68	N/A	11.68	N/A
Nonpublic, Nonsectarian Schools	2.59	N/A	2.68	N/A
Extended Year - Nonpublic	0.25	N/A	0.25	N/A
TK/K-3 Totals	12,591.45	N/A	12,610.10	N/A
Grades 4-6:				
Regular ADA	9,985.70	N/A	10,002.93	N/A
Extended Year Special Education	9.34	N/A	9.34	N/A
Nonpublic, Nonsectarian Schools	7.54	N/A	7.56	N/A
Extended Year - Nonpublic	1.35	N/A	1.35	N/A
Grades 4-6 Totals	10,003.93	N/A	10,021.18	N/A
ADA Totals	22,595.38	N/A	22,631.28	N/A

Arroyo Vista Charter School

	Second Period Report Certificate #C1D47DC8		Annual Report Certificate #8C9F01E8	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Nonclassroom Based	0.70	N/A	0.74	N/A
Regular ADA - Classroom Based	429.08	N/A	428.22	N/A
Grades 4-6:				
Regular ADA - Nonclassroom Based	0.14	N/A	0.11	N/A
Regular ADA - Classroom Based	338.97	N/A	338.53	N/A
Grades 7 and 8:				
Regular ADA - Classroom Based	180.98	N/A	179.96	N/A
Total ADA - Nonclassroom Based	0.84	N/A	0.85	N/A
Total ADA - Classroom Based	949.03	N/A	946.71	N/A
ADA Totals	949.87	N/A	947.56	N/A

Chula Vista Learning Charter School

	Second Period Report Certificate #E882C339		Annual Report Certificate #B8A22E80	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	489.06	N/A	488.66	N/A
Grades 4 through 6:				
Regular ADA - Classroom Based	400.57	N/A	400.18	N/A
Grades 7 through 8:				
Regular ADA - Classroom Based	233.91	N/A	233.31	N/A
Grades 9 through 12				
Regular ADA - Classroom Based	374.55	N/A	372.29	N/A
ADA Totals	1,498.09	N/A	1,494.44	N/A

Discovery Charter School

	Second Period Report Certificate #45C85C9D		Annual Report Certificate #26BE6CE3	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	454.57	N/A	452.52	N/A
Grades 4-6:				
Regular ADA - Classroom Based	371.58	N/A	370.09	N/A
Grades 7 and 8:				
Regular ADA - Classroom Based	90.82	N/A	90.78	N/A
ADA Totals	916.97	N/A	913.39	N/A

Feaster Charter School

	Second Period Report Certificate #CFF3AFBA		Annual Report Certificate #1C2110E2	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	563.47	N/A	564.63	N/A
Grades 4-6:				
Regular ADA - Classroom Based	456.90	N/A	455.26	N/A
Grades 7 and 8:				
Regular ADA - Classroom Based	185.15	N/A	183.37	N/A
ADA Totals	1,205.52	N/A	1,203.26	N/A

Mueller Charter School

	Second Period Report Certificate #022EF160		Annual Report Certificate #2748B2EF	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	482.49	N/A	480.96	N/A
Grades 4 through 6:				
Regular ADA - Classroom Based	360.16	N/A	359.45	N/A
Grades 7 through 8:				
Regular ADA - Classroom Based	174.21	N/A	173.30	N/A
Grades 9 through 12				
Regular ADA - Classroom Based	416.31	N/A	417.33	N/A
ADA Totals	1,433.17	N/A	1,431.04	N/A

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

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018

TABLE D-2

Grade Level	Ed. Code Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Chula Vista Elementary School District					
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	52,700	180	-	Complied
Grade 1	50,400	50,500	180	-	Complied
Grade 2	50,400	50,500	180	-	Complied
Grade 3	50,400	50,500	180	-	Complied
Grade 4	54,000	54,000	180	-	Complied
Grade 5	54,000	54,000	180	-	Complied
Grade 6	54,000	54,000	180	-	Complied
Arroyo Vista Charter School					
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	57,600	180	-	Complied
Grade 1	50,400	52,950	180	-	Complied
Grade 2	50,400	52,950	180	-	Complied
Grade 3	50,400	52,950	180	-	Complied
Grade 4	54,000	54,900	180	-	Complied
Grade 5	54,000	54,900	180	-	Complied
Grade 6	54,000	54,900	180	-	Complied
Grade 7	54,000	62,500	180	-	Complied
Grade 8	54,000	62,500	180	-	Complied
Chula Vista Learning Charter School					
Transitional Kindergarten	36,000	61,500	180	-	Complied
Kindergarten	36,000	61,500	180	-	Complied
Grade 1	50,400	58,800	180	-	Complied
Grade 2	50,400	58,800	180	-	Complied
Grade 3	50,400	58,800	180	-	Complied
Grade 4	54,000	58,800	180	-	Complied
Grade 5	54,000	58,800	180	-	Complied
Grade 6	54,000	58,800	180	-	Complied
Grade 7	54,000	59,300	180	-	Complied
Grade 8	54,000	59,300	180	-	Complied
Grade 9	64,800	66,350	180	-	Complied
Grade 10	64,800	66,350	180	-	Complied
Grade 11	64,800	66,350	180	-	Complied
Grade 12	64,800	66,350	180	-	Complied
Discovery Charter School					
Kindergarten	36,000	57,050	180	-	Complied
Grade 1	50,400	55,100	180	-	Complied
Grade 2	50,400	55,100	180	-	Complied
Grade 3	50,400	55,100	180	-	Complied
Grade 4	54,000	55,100	180	-	Complied
Grade 5	54,000	55,100	180	-	Complied
Grade 6	54,000	55,100	180	-	Complied
Grade 7	54,000	57,050	180	-	Complied
Grade 8	54,000	57,050	180	-	Complied

Grade Level	Ed. Code Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Feaster Charter School					
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	70,950	180	-	Complied
Grade 1	50,400	67,350	180	-	Complied
Grade 2	50,400	67,350	180	-	Complied
Grade 3	50,400	67,350	180	-	Complied
Grade 4	54,000	67,350	180	-	Complied
Grade 5	54,000	67,350	180	-	Complied
Grade 6	54,000	67,350	180	-	Complied
Grade 7	54,000	71,100	180	-	Complied
Grade 8	54,000	71,100	180	-	Complied
Mueller Charter School					
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	54,700	180	-	Complied
Grade 1	50,400	55,030	180	-	Complied
Grade 2	50,400	55,030	180	-	Complied
Grade 3	50,400	55,030	180	-	Complied
Grade 4	54,000	55,030	180	-	Complied
Grade 5	54,000	55,030	180	-	Complied
Grade 6	54,000	55,030	180	-	Complied
Grade 7	54,000	61,290	180	-	Complied
Grade 8	54,000	61,290	180	-	Complied
Grade 9	64,800	70,900	180	-	Complied
Grade 10	64,800	70,900	180	-	Complied
Grade 11	64,800	70,900	180	-	Complied
Grade 12	64,800	70,900	180	-	Complied

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46207. The District and each charter school neither met nor exceeded their target funding.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 YEAR ENDED JUNE 30, 2018

TABLE D-3

General Fund	Budget 2019 (Note 1)	2018	2017	2016
Revenues and other financial sources	\$ 277,398,973	\$ 263,226,815	\$ 262,921,553	\$ 258,713,897
Expenditures, other uses and transfers out	283,390,821	273,956,898	269,041,526	241,739,969
Change in fund balance (deficit)	(5,991,848)	(10,730,083)	(6,119,973)	16,973,928
Ending fund balance	\$ 40,042,294	\$ 46,034,142	\$ 56,764,225	\$ 62,884,198
Available reserves (Note 2)	\$ 37,866,071	\$ 43,031,763	\$ 53,461,847	\$ 58,660,011
Available reserves as a percentage of total outgo (Note 3)	13.4%	16.227%	20.535%	24.3%
Total long-term debt	\$ 273,551,449	\$ 293,737,176	\$ 310,100,359	\$ 277,908,273
Average daily attendance at P-2 (Note 4)	28,648	28,599	28,529	28,705

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

The fund balance of the general fund has increased by \$123,872 (0.27%) over the past three years. The fiscal year 2018-19 budget projects a decrease of \$5,991,848 (13.02%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by \$15,828,903 over the past two years.

Average daily attendance (ADA) has decreased by 106 over the past two years, including charter schools.

Notes:

- 1 Budget 2019 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all assigned fund balances, all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments of \$8,775,864*, \$8,694,975*, and \$7,913,724*, have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2018, 2017 and 2016.
- 4 Average Daily Attendance includes the ADA from district schools and charter schools.

*Amounts represent on behalf payments posted in the general fund only, remaining on behalf payments are posted in the charter school fund and the child development fund.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT**TABLE D-4**

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

The ending fund balances reported in this audit report for all funds are in agreement with the amounts reported by the District in their Unaudited Financial Statement submission to the California Department of Education.

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF CHARTER SCHOOLS
 YEAR ENDED JUNE 30, 2018

TABLE D-5

The Chula Vista Elementary School District charts the following eight charter schools:

Charter Schools	Charter Number	Included In Audit?
Arroyo Vista Charter School	0483	Yes
Chula Vista Learning Community Charter School	0135	Yes
Discovery Charter School	0054	Yes
Feaster Charter School	0121	Yes
Leonardo Da Vinci Health Sciences Charter School	1082	No
Mueller Charter School	0064	Yes
Howard Gardner Community Charter School	1308	No
Learning Choice Academy - Chula Vista	2001	No

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

TABLE D-6
Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	13526	\$ -	\$ 1,991,243
National School Lunch Program	10.555	13396	-	7,403,297
National School Lunch Program Noncash Commodities	10.555	13396	-	735,788
Total Passed Through State Department of Education			-	10,130,328
Total U. S. Department of Agriculture			-	10,130,328
Total Child Nutrition Cluster			-	10,130,328
FISH AND WILDLIFE CLUSTER:				
<u>U. S. Department of the Interior</u>				
Direct Program:				
Wild Life Restoration	15.611	-	-	9,452
Total U. S. Department of the Interior			-	9,452
Total Fish and Wildlife Cluster			-	9,452
MEDICAID CLUSTER:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Medi-Cal Billing Option	93.778	10013	-	729,278
Medi-Cal MAA	93.778	10013	-	231,549
Total Passed Through State Department of Education			-	960,827
Total U. S. Department of Health and Human Services			-	960,827
Total Medicaid Cluster			-	960,827
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
Special Education: IDEA Local Private Schools	84.027	10115	20,881	20,881
Special Education: IDEA Basic	84.027	13379	-	4,784,547
Special Education: IDEA Preschool Local	84.027	13682	-	894,942
Special Education: IDEA Mental Health	84.027	14468	-	369,545
Special Education: IDEA Preschool	84.173	13430	-	247,414
Special Education: IDEA Preschool Staff Development	84.173	13431	-	4,080
Total Passed Through State Department of Education			20,881	6,321,409
Total U. S. Department of Education			20,881	6,321,409
Total Special Education (IDEA) Cluster			20,881	6,321,409
OTHER PROGRAMS:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through Episcopal Community Services:				
Head Start	93.600	HSPY52	-	551,643
Total U. S. Department of Health and Human Services			\$ -	\$ 551,643

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

TABLE D-6
Page 2 of 2

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U. S. Department of Education</u>				
Direct Program:				
Impact Aid - P.L. 81.874	84.041	-	\$ -	\$ 400,190
Passed Through State Department of Education:				
Title I Part A	84.010	14329	19,702	7,208,172
Even Start Family Literacy	84.213	14381	-	9,502
Title III Limited English Proficiency	84.365	14346	4,263	1,052,241
Title III Immigrant Education	84.365	15146	-	104,279
Title II - Teacher Quality	84.367	14341	19,512	782,042
Total Passed Through State Department of Education			<u>43,477</u>	<u>9,156,236</u>
Total U. S. Department of Education			<u>43,477</u>	<u>9,556,426</u>
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
Child and Adult Care Food Program	10.558	13876	-	105,658
Total U. S. Department of Agriculture			-	105,658
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 64,358</u>	<u>\$ 27,635,743</u>

The accompanying notes are an integral part of this schedule.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 Direct and Indirect Costs. The District used an indirect cost rate of 3.57% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect Costs. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	CFDA #	Indirect Cost Rate
Special Education: IDEA Basic	84.027	0.00%
Special Education: IDEA Local Private School	84.027	0.00%
Special Education: IDEA Mental Health	84.027	0.95%
Special Education: IDEA Preschool	84.173	0.00%
Title III	84.365	0.00%
Even Start Family Literacy	84.213	0.00%
Medi-Cal Cluster	93.778	0.00%

Schoolwide Program

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

Program	CFDA #	Amount Expended
Title I	84.010	\$3,398,576

Other Independent Auditor's Reports

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

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chula Vista Elementary School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Chula Vista Elementary School District's basic financial statements and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chula Vista Elementary School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chula Vista Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chula Vista Elementary School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chula Vista Elementary School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2018-001.

Chula Vista Elementary School District's Response to Findings

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

Purpose of this Report

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

Wilkinson-Hadley King & Co LLP

El Cajon, California
December 10, 2018

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



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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Chula Vista Elementary School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Chula Vista Elementary School District's major federal programs for the year ended June 30, 2018. Chula Vista Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Chula Vista Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co LLP

El Cajon, California
December 10, 2018

Independent Auditor's Report on State Compliance

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
--------------------------------	---

**LOCAL EDUCATION AGENCIES
OTHER THAN CHARTER SCHOOLS:**

Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes

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

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

CHARTER SCHOOLS:

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

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

Opinion on State Compliance

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Chula Vista Elementary School District's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson-Hadley King + Co LLP

El Cajon, California
December 10, 2018

Findings and Recommendations Section

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.041	Impact Aid
93.778	Medi-Cal

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

Auditee qualified as low-risk auditee? X Yes No

3. State Awards

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

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

Finding Number: 2018-001
Repeat Finding: Yes
Program Name: Attendance Reporting
Questioned Costs: None
Type of Finding: State Compliance - Attendance (10000)

Criteria or Specific Requirement

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

Condition

In review of the class rosters at Harborside Elementary School, teacher verification rosters were printed five weeks after the attendance period. In addition, teachers backdated signatures to the attendance period. As a result, it cannot be determined when the verification occurred but it is known that it was at least five weeks after the attendance period.

The District has established procedures that the teachers enter attendance on a daily basis and although the verification of class rosters was not completed within state guidelines, the attendance was entered timely by individuals with first hand knowledge. Based upon our review, we determined there are no questioned costs or loss of attendance to be identified or justified as all class rosters had a valid teacher signature and were subsequently approved prior to the end of the fiscal year.

Cause

School site personnel were not consistently following District established procedures. Sites did not fully understand the requirements.

Effect

One school site was out of compliance with approved attendance procedures, which require that attendance reports be printed and verified by teachers within one week of the attendance week.

Context

We tested attendance at twelve school sites, inclusive of district schools and charter schools, with no exceptions noted at eleven out of twelve school sites tested. At Harborside Elementary School the exceptions were noted for twenty out of twenty reports reviewed.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Recommendation

Implement procedures to ensure class rosters are printed timely and are being signed, dated, and verified by the teachers within one week after the end of each attendance period. Retain all original rosters printed and verified by the teachers even if changes or corrections have been made as proper support that weekly attendance is being validated on a timely basis. Provide training to all school sites to District established policies and procedures surrounding documentation of attendance. Implement monitoring procedures at school sites to ensure procedures are being followed.

Views of Responsible Officials

See Corrective Action Plan



CHULA VISTA ELEMENTARY SCHOOL DISTRICT

84 EAST J STREET • CHULA VISTA, CALIFORNIA 91910 • 619 425-9600

EACH CHILD IS AN INDIVIDUAL OF GREAT WORTH

December 10, 2018

To whom it may concern:

The accompanying Corrective Action Plan has been prepared as required by the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action and the completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Oscar Esquivel
Chula Vista Elementary School District
Deputy Superintendent

BOARD OF EDUCATION

LESLIE RAY BUNKER ♦ ARMANDO FARIAS ♦ LAURIE K. HUMPHREY ♦ EDUARDO REYES, Ed.D. ♦ FRANCISCO TAMAYO

SUPERINTENDENT

FRANCISCO ESCOBEDO, Ed.D.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Findings and Questioned Costs Related to State Awards

Finding Number: 2018-001
Program Name: Attendance Reporting
Contact Person: Theresa Villanueva
Anticipated Completion Date: Ongoing
Planned Corrective Action: The District will continue to train and monitor that proper procedures are implemented and followed to ensure class rosters are printed timely and are being signed, dated, and verified by teachers within a week after the end of each attendance period. The District attendance department is working with all school sites including Harborside Elementary to ensure that the End of Day Teacher Status report is printed at the end of each attendance week and is given to each teacher to verify, sign and date the information within one week in accordance with the state requirements. Once the End of Day Teacher Status reports are all signed and dated, they are filed in the school attendance office by week.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Finding 2017-001 (10000) Attendance <u>Condition</u> In review of attendance at ten school sites, for the seventh month of attendance, it could not be verified whether attendance was reviewed timely at three school sites as there were instances of backdating signatures each of three school sites tested. <u>Recommendation</u> Implement procedures to ensure class rosters are printed timely and are being signed, dated, and verified by the teachers within one week after the end of each attendance period. Retain all original rosters printed and verified by the teachers even if changes or corrections have been made as proper support that weekly attendance is being validated on a timely basis. Provide training to all school sites to District established policies and procedures surrounding documentation of attendance. Implement monitoring procedures at school sites to ensure procedures are being followed.	Partially Implemented	See Corrective Action Plan for Finding 2018-001
Finding 2017-002 (40000) Unduplicated Pupil Counts <u>Condition</u> In review of students reported as eligible for unduplicated pupil counts under the free and reduced price meal eligibility classification, seven students were identified as incorrectly designated on the report as eligible for unduplicated pupil counts. <u>Recommendation</u> Implement a process to double check students reported for unduplicated pupil counts prior to the final re-certification date for CalPADS. Re-certify with corrected numbers for any known errors.	Implemented	