Financial Statements
June 30, 2020

Lompoc Unified School District

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Independent Auditor's Report

To the Governing Board
Lompoc Unified School District
Lompoc, 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 Lompoc Unified School District (the District) as of and for the year ended June 30, 2020, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lompoc Unified School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 66, schedule of changes in the District's total OPEB liability and related ratios on page 67, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 68, schedule of the District's proportionate share of the net pension liability on page 69, and the schedule of District contributions on page 70, 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 Lompoc Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents 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 a report dated February 2, 2021 on our consideration of the Lompoc Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Lompoc Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lompoc Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 2, 2021

TREVOR MCDONALD, SUPERINTENDENT

Teach · Learn · Succeed

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This section of Lompoc Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020 with comparative information for the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Lompoc Unified School District using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets and deferred outflows of the District (including capital assets) as well as all liabilities and deferred inflows (including long-term liabilities). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The primary unit of the government is the Lompoc Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and deferred outflows and liabilities and deferred inflows of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities. The District reports all of its services in this category.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position.* We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

Overall, at the conclusion of the 2019-2020 school year, the District's General Fund balance was $24,430,050.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(5,239,819) for the fiscal year ended June 30, 2020. Of this amount, $(83,659,161) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 61,325,128	$ 39,914,384
Capital assets	80,632,251	81,013,952
Total assets	141,957,379	120,928,336
Deferred outflows of resources	33,632,532	35,716,551
Liabilities		
Current liabilities	12,037,718	7,919,496
Long-term liabilities other than OPEB and pensions	35,480,625	26,046,192
Other postemployment benefits (OPEB)	6,947,321	6,354,808
Aggregate net pension liabilities	115,023,934	110,569,704
Total liabilities	169,489,598	150,890,200
Deferred inflows of resources	11,340,132	11,744,378
Net Position		
Net investment in capital assets	67,989,044	63,412,426
Restricted	10,430,298	14,675,760
Unrestricted (deficit)	(83,659,161)	(84,077,877)
Total net position (deficit)	$ (5,239,819)	$ (5,989,691)

The $(83,659,161) in unrestricted net position of all governmental activities represents the accumulated results of all past years' operations. Unrestricted net position decreased by 0.5 percent $(418,716) compared to the prior year balance of $(84,077,877).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities 2020	Governmental Activities 2019
Revenues		
Program revenues		
Charges for services	$ 742,569	$ 1,980,443
Operating grants and contributions	24,691,532	27,095,564
General revenues		
Federal and State aid not restricted	75,192,148	75,112,378
Property taxes	30,294,054	28,528,731
Other general revenues	3,812,188	2,384,748
Total revenues	134,732,491	135,101,864
Expenses		
Instruction	89,433,522	92,375,089
Pupil services	15,660,302	15,498,783
Administration	7,630,109	8,681,820
Plant services	14,246,495	14,385,785
All other services	7,012,191	8,371,464
Total expenses	133,982,619	139,312,941
Change in net position	$ 749,872	$ (4,211,077)

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $133,982,619. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $30,294,054 because the cost was paid by those who benefited from the programs ($742,569), or by other governments and organizations who subsidized certain programs with grants and contributions ($24,691,532). We paid for the remaining "public benefit" portion of our governmental activities with $79,004,336, in Federal and State funds and other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions – instruction, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	$ 89,433,522	$ 92,375,089	$ (73,599,618)	$ 73,469,791
Pupil services	15,660,302	15,498,783	(9,169,705)	9,445,272
Administration	7,630,109	8,681,820	(6,001,718)	6,840,185
Plant services	14,246,495	14,385,785	(13,904,663)	13,735,304
All other services	7,012,191	8,371,464	(5,872,814)	6,746,382
Total	$ 133,982,619	$ 139,312,941	$ (108,548,518)	$ 110,236,934

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $49,396,675, which is an increase of $17,226,762, or 53.5 percent from last year. (Table 4)

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2020
General	$ 20,213,711	$ 122,443,033	$ 118,226,694	$ 24,430,050
Special Reserve Fund for Capital Outlay Projects	3,675,438	17,343,808	4,063,454	16,955,792
Adult Education	1,204,102	1,121,195	1,215,506	1,109,791
Cafeteria	1,231,242	4,956,257	4,570,156	1,617,343
Capital Facilities	1,087,974	117,843	524,225	681,592
Bond Interest and Redemption	4,757,446	4,032,080	4,187,419	4,602,107
Total	$ 32,169,913	$ 150,014,216	$ 132,787,454	$ 49,396,675

The primary reasons for these increases/decreases are:

1. The General Fund is the District's principal operating fund. The fund balance in the General Fund increased from $20 million to $24 million due to one-time funding, and deferred expenses to new year.
2. The Special Reserve Fund for Capital Outlay Projects fund increased due to receipt of energy efficiency project funding and transfer from General Fund.
3. The Adult Education Fund decreased fund balance due to spend down program.
4. The Cafeteria Fund increased due to program savings.
5. The Capital Facilities Fund decreased due to construction project costs.
6. The Bond Interest and Redemption Fund is County controlled and dependent on the structure of the debt.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 23, 2020. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 66.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $80,632,251, in a broad range of capital assets, including land and construction in process, land improvements, buildings and improvements, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $381,701, or 0.5 percent from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 9,409,594	$ 10,137,427
Buildings and improvements	67,172,026	66,245,325
Equipment	4,050,631	4,631,200
Total	$ 80,632,251	$ 81,013,952

We provide more detailed information regarding capital assets in Note 4 of the financial statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had $35,480,625, in long-term liabilities other than OPEB and pensions versus $26,046,192, last year, an increase of $9,434,433, or 36.2 percent. The liabilities consisted of the following:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 16,083,915	$ 19,316,675
Premium on issuance	1,145,792	1,374,701
Private placement debt - Lease purchase financing	14,426,062	-
Supplemental Early Retirement Plan	2,521,653	4,064,609
Early retirement incentives	275,861	456,356
Compensated absences	1,027,342	833,851
Total	$ 35,480,625	$ 26,046,192

The State limits the amount of general obligation debt that Districts can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below statutorily imposed limit.

We provide more detailed information regarding long-term liabilities other than OPEB and pensions in Note 8 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had a net other post-employment benefits (OPEB) liability of $6,947,321, versus $6,354,808, last year, an increase of $592,513, or 9.3 percent.

At year-end, the District had a net pension liability of $115,023,934 versus $110,569,704 last year, an increase of $4,454,230, or 4.0 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2020-2021 year, the governing board and management used the following criteria:

Revenues:

1. Federal revenues will maintain with the 2013-2014 funding levels.
2. Other State revenues will decrease due to one-time Block Grant funding.
3. Other Local revenues will decrease due to revenue not being budgeted until received.

Expenditures:

1. Benefits will increase due to increase of Health Insurance, STRS, and PERS rates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Dr. John Karbula, Assistant Superintendent, Business Services, at Lompoc Unified School District, 1301 North "A" Street, P.O. Box 8000, Lompoc, California, 93438-8000, or e-mail at karbula.john@lusd.org.

	Governmental Activities
Assets	
Deposits and investments	$ 43,277,162
Receivables	17,965,719
Prepaid items	22,021
Stores inventories	60,226
Capital assets not depreciated	9,409,594
Capital assets, net of accumulated depreciation	71,222,657
Total assets	141,957,379
Deferred Outflows of Resources	
Deferred charge on refunding	723,384
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	542,726
Deferred outflows of resources related to pensions	32,366,422
Total deferred outflows of resources	33,632,532
Liabilities	
Accounts payable	11,390,875
Accrued interest payable	109,265
Unearned revenue	537,578
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,164,612
Long-term liabilities other than OPEB and pensions due in more than one year	30,316,013
Net other postemployment benefits (OPEB) liabilities	6,947,321
Aggregate net pension liabilities	115,023,934
Total liabilities	169,489,598
Deferred Inflows of Resources	
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	254,064
Deferred inflows of resources related to pensions	11,086,068
Total deferred inflows of resources	11,340,132
Net Position	
Net investment in capital assets	67,989,044
Restricted for	
Debt service	4,492,842
Capital projects	681,592
Educational programs	2,751,195
Other restrictions	2,504,669
Unrestricted (deficit)	(83,659,161)
Total net position (deficit)	$ (5,239,819)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 77,017,113	$ 177,884	$ 13,922,399	$ (62,916,830)
Instruction-related activities				
Supervision of instruction	3,322,393	4,483	929,532	(2,388,378)
Instructional library, media, and technology	1,443,517	-	6,886	(1,436,631)
School site administration	7,650,499	123	792,597	(6,857,779)
Pupil services				
Home-to-school transportation	2,141,362	-	-	(2,141,362)
Food services	4,532,132	463,958	3,996,244	(71,930)
All other pupil services	8,986,808	17,089	2,013,306	(6,956,413)
Administration				
Data processing	1,867,026	-	16,796	(1,850,230)
All other administration	5,763,083	33,511	1,578,084	(4,151,488)
Plant services	14,246,495	9,826	332,006	(13,904,663)
Ancillary services	1,616,155	-	79,984	(1,536,171)
Interest on long-term liabilities	726,752	-	-	(726,752)
Other outgo	4,669,284	35,695	1,023,698	(3,609,891)
Total governmental activities	$ 133,982,619	$ 742,569	$ 24,691,532	(108,548,518)
General Revenues and Subventions				
Property taxes, levied for general purposes				26,039,805
Property taxes, levied for debt service				3,996,313
Taxes levied for other specific purposes				257,936
Federal and State aid not restricted to specific purposes				75,192,148
Interest and investment earnings				514,881
Interagency revenues				192,972
Miscellaneous				3,104,335
Subtotal, general revenues				109,298,390
Change in Net Position				749,872
Net Position - Beginning				(5,989,691)
Net Position - Ending				$ (5,239,819)

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 20,394,949	$ 15,913,108	$ 6,969,105	$ 43,277,162
Receivables	16,221,765	82,750	1,661,204	17,965,719
Due from other funds	378,217	1,226,074	117,558	1,721,849
Prepaid expenditures	17,191	-	4,830	22,021
Stores inventories	27,119	-	33,107	60,226
Total assets	$ 37,039,241	$ 17,221,932	$ 8,785,804	$ 63,046,977
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 10,758,931	$ 235,190	$ 396,754	$ 11,390,875
Due to other funds	1,312,682	30,950	378,217	1,721,849
Unearned revenue	537,578	-	-	537,578
Total liabilities	12,609,191	266,140	774,971	13,650,302
Fund Balances				
Nonspendable	49,310	-	42,937	92,247
Restricted	2,751,195	15,656,234	7,788,368	26,195,797
Assigned	15,190,492	1,299,558	179,528	16,669,578
Unassigned	6,439,053	-	-	6,439,053
Total fund balances	24,430,050	16,955,792	8,010,833	49,396,675
Total liabilities and fund balances	$ 37,039,241	$ 17,221,932	$ 8,785,804	$ 63,046,977

Total Fund Balance - Governmental Funds		$ 49,396,675
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 177,959,519	
Accumulated depreciation is	(97,327,268)	
Net capital assets		80,632,251
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(109,265)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings	723,384	
Other postemployment benefits	542,726	
Net pension obligation	32,366,422	
Total deferred outflows of resources		33,632,532
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits	(254,064)	
Net pension obligation	(11,086,068)	
Total deferred inflows of resources		(11,340,132)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(115,023,934)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(6,947,321)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	(13,450,971)	
Premium on issuance	(1,145,792)	
Lease purchase financing	(14,426,062)	
Supplemental Early Retirement Plan	(2,521,653)	
Early retirement incentive	(275,861)	
Compensated absences (vacations)	(1,027,342)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(2,632,944)	
Total long-term liabilities		(35,480,625)
Total net position - governmental activities		$ (5,239,819)

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 97,156,404	$ -	$ -	$ 97,156,404
Federal sources	6,876,347	-	4,214,496	11,090,843
Other State sources	10,958,039	-	1,318,458	12,276,497
Other local sources	7,452,243	1,717,746	4,646,693	13,816,682
Total revenues	122,443,033	1,717,746	10,179,647	134,340,426
Expenditures				
Current				
Instruction	69,588,437	-	605,864	70,194,301
Instruction-related activities				
Supervision of instruction	2,970,918	-	163,789	3,134,707
Instructional library, media, and technology	1,420,020	-	-	1,420,020
School site administration	6,930,544	-	323,570	7,254,114
Pupil services				
Home-to-school transportation	1,836,531	-	-	1,836,531
Food services	188,638	-	4,295,106	4,483,744
All other pupil services	8,205,475	-	57,987	8,263,462
Administration				
Data processing	1,813,464	-	-	1,813,464
All other administration	5,389,149	-	256,952	5,646,101
Plant services	11,480,556	60,152	258,996	11,799,704
Ancillary services	1,538,418	-	-	1,538,418
Other outgo	4,669,284	-	-	4,669,284
Facility acquisition and construction	946,532	4,003,302	347,623	5,297,457
Debt service				
Principal	-	-	3,565,000	3,565,000
Interest and other	1,000	-	622,419	623,419
Total expenditures	116,978,966	4,063,454	10,497,306	131,539,726
Excess (Deficiency) of Revenues Over Expenditures	5,464,067	(2,345,708)	(317,659)	2,800,700
Other Financing Sources (Uses)				
Transfers in	-	1,200,000	47,728	1,247,728
Other sources - proceeds from lease financing	-	14,426,062	-	14,426,062
Transfers out	(1,247,728)	-	-	(1,247,728)
Net Financing Sources (Uses)	(1,247,728)	15,626,062	47,728	14,426,062
Net Change in Fund Balances	4,216,339	13,280,354	(269,931)	17,226,762
Fund Balance - Beginning	20,213,711	3,675,438	8,280,764	32,169,913
Fund Balance - Ending	$ 24,430,050	$ 16,955,792	$ 8,010,833	$ 49,396,675

Total Net Change in Fund Balances - Governmental Funds		$ 17,226,762
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation expense exceeds capital outlays in the period.		
Depreciation expense	$ (5,896,338)	
Capital outlays	5,514,637	
Net expense adjustment		(381,701)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(332,240)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and early retirement incentives, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and early retirement incentives earned and used.		(12,996)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(6,286,933)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(373,821)
Proceeds received from a municipal lease are revenue in the governmental funds, but they increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		(14,426,062)

Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	$ 228,909
Deferred charge on refunding amortization	(65,762)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	3,565,000
Supplemental Early Retirement Plan	1,542,956
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	65,760
Change in net position of governmental activities	$ 749,872

	Agency Funds
Assets	
Deposits and investments	$ 743,157
Liabilities	
Accounts payable	$ 29,309
Due to student groups	713,848
Total liabilities	$ 743,157

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Lompoc Unified School District (the District) was unified on July 1, 1960, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, two middle schools, two high schools, a community day school, a continuation high school, an adult education program, and an independent study program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Lompoc Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in revenues and fund balance of $85,531 and $10,580,032, and a decrease in expenditures and other uses of $3,389,252, respectively.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Debt Service Funds The Debt Service Funds are used to account for financial resources to be used for the payment of principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities.* Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions 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 fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include 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 requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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 general long-term liabilities, 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 statements.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the Santa Barbara County Investment Pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated, if applicable.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability and reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, differences between expected and actual experiences, and changes of assumptions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and differences between projected and actual earnings on pension plan investments.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Postemployment Benefits Other Than Pensions (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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes 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, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities, and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $10,430,298 of net position restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental columns of the Statement of Activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Barbara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	$ 43,277,162
Fiduciary funds	743,157
Total deposits and investments	$ 44,020,319

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	$ 645,387
Cash with fiscal agent	14,426,062
Cash in revolving	10,000
Investments	28,938,870
Total deposits and investments	$ 44,020,319

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - 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 investment in the pool is reported in the accounting financial statements at 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 that 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.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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 (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by holding the majority of its investments in the Santa Barbara County Treasury pool. The Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $28,938,870, with the Santa Barbara County Treasury Investment Pool. The average weighted maturity for this pool was 479 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Barbara County Treasury Investment Pool is currently not rated, nor is required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, $14,281,324, of the District's bank balance of $15,081,449, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	$ 3,525,845	$ -	$ 1,438,582	$ 4,964,427
State Government				
LCFF apportionment	11,295,419	-	-	11,295,419
Categorical aid	-	-	161,564	161,564
Lottery	455,786	-	-	455,786
Local Government				
SELPA	376,813	-	-	376,813
Interest	109,741	7,750	22,085	139,576
Other local sources	458,161	75,000	38,973	572,134
Total	$ 16,221,765	$ 82,750	$ 1,661,204	$ 17,965,719

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 9,336,000	$ -	$ -	$ 9,336,000
Construction in progress	801,427	4,408,510	(5,136,343)	73,594
Total capital assets not being depreciated	10,137,427	4,408,510	(5,136,343)	9,409,594
Capital assets being depreciated				
Land improvements	20,440,119	5,079,312	-	25,519,431
Buildings and improvements	125,325,462	931,523	-	126,256,985
Furniture and equipment	16,541,874	231,635	-	16,773,509
Total capital assets being depreciated	162,307,455	6,242,470	-	168,549,925
Total capital assets	172,444,882	10,650,980	(5,136,343)	177,959,519
Accumulated depreciation				
Land improvements	(8,512,510)	(1,034,830)	-	(9,547,340)
Buildings and improvements	(71,007,746)	(4,049,304)	-	(75,057,050)
Furniture and equipment	(11,910,674)	(812,204)	-	(12,722,878)
Total accumulated depreciation	(91,430,930)	(5,896,338)	-	(97,327,268)
Governmental activities capital assets, net	$ 81,013,952	$ 4,754,642	$ (5,136,343)	$ 80,632,251

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 3,345,716
Home-to-school transportation	231,254
All other pupil services	199,828
Plant services	2,119,540
Total depreciation expenses governmental activities	$ 5,896,338

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2020, between major governmental funds and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
General Fund	$ -	$ -	$ 378,217	$ 378,217
Special Reserve Fund for Capital Outlay Projects	1,226,074	-	-	1,226,074
Non-Major Governmental Funds	86,608	30,950	-	117,558
Total	$ 1,312,682	$ 30,950	$ 378,217	$ 1,721,849

A balance of $13,578 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from reimbursement of payroll expenditures and indirect cost charges.

A balance of $364,639 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from reimbursement of payroll expenditures and indirect cost charges.

A balance of $57,608 due to the Cafeteria Non-Major Governmental Fund from the General Fund is for program contributions.

The balance of $1,226,074 due to the Special Reserve Fund for Capital Outlay Projects from the General Fund is for future capital projects.

The balance of $30,950 due to the Capital Facilities Fund from the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects is a contribution for capital projects in that fund.

A balance of $29,000 due to the Capital Facilities Non-Major Governmental Fund from the General Fund resulted from contributions to projects in that fund.

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital outlay needs.	$ 1,200,000
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for operating costs in that fund.	47,728
Total	$ 1,247,728

Note 6 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total	Fiduciary Funds
LCFF apportionment	$ 4,357,139	$ -	$ -	$ 4,357,139	$ -
Vendor payables	1,632,531	215,569	127,070	1,975,170	-
Salaries and benefits	3,199,697	-	75,149	3,274,846	-
Services	1,569,564	3,661	156,747	1,729,972	29,309
Capital outlay	-	15,960	37,788	53,748	-
Total	$ 10,758,931	$ 235,190	$ 396,754	$ 11,390,875	$ 29,309

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund
Federal financial assistance	$ 121,093
State categorical aid	408,040
Other local	8,445
Total	$ 537,578

Note 8 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 19,316,675	$ 332,240	$ (3,565,000)	$ 16,083,915	$ 3,975,000
Premium on issuance	1,374,701	-	(228,909)	1,145,792	-
Private placement debt - Lease purchase financing	-	14,426,062	-	14,426,062	183,812
Supplemental Early Retirement Plan	4,064,609	-	(1,542,956)	2,521,653	840,551
Early retirement incentives	456,356	67,338	(247,833)	275,861	165,249
Compensated absences	833,851	193,491	-	1,027,342	-
Total	$ 26,046,192	$ 15,019,131	$ (5,584,698)	$ 35,480,625	$ 5,164,612

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the municipal lease will be paid by the General Fund. Payments for the Supplemental Early Retirement Plan and the early retirement incentive were made by the General Fund. The compensated absences will be paid by the General Fund, the Adult Education Fund, and the Child Nutrition Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
5/1/2008	8/1/2022	3.50-5.25%	$ 21,605,971	$ 10,386,675	$ -	$ 332,240	$ (3,140,000)	$ 7,578,915
4/15/2015	6/1/2032	2.00-5.00%	9,920,000	8,930,000	-	-	(425,000)	8,505,000
				$ 19,316,675	$ -	$ 332,240	$ (3,565,000)	$ 16,083,915

2008 General Obligation Refunding Bonds

In May 2008, the District issued $21,605,971 of the 2008 General Obligation Refunding Bonds. The 2008 General Obligation Refunding Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $4,485,000. The bonds mature through August 1, 2022, with interest rates ranging from 3.50 to 5.25 percent. Proceeds from the sale of the bonds were used to refund portions of the General Obligation Bonds, Election of 2002, the General Obligation Bonds, Election of 2002, Series B, and pay costs of issuance of the refunding bonds. At June 30, 2020, the principal balance outstanding was $7,578,915.

2015 General Obligation Refunding Bonds

In April 2015, the District issued $9,920,000 of the 2015 General Obligation Refunding Bonds. The 2015 General Obligation Refunding Bonds were issued as current interest bonds. The bonds have a final maturity to occur on June 1, 2032, with interest rates ranging from 2.00 to 5.00 percent. Proceeds from the sale of the bonds were used to refund portions of the District's outstanding General Obligation Bonds, Election of 2002, Series C. As of June 30, 2020, the principal balance outstanding was $8,505,000.

Debt Service Requirements to Maturity

The bonds mature through 2032 as follows:

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2021	$ 3,975,000	$ -	$ 430,988	$ 4,405,988
2022	4,063,570	316,430	320,181	4,700,181
2023	1,130,345	94,655	295,181	1,520,181
2024	735,000	-	264,181	999,181
2025	545,000	-	227,431	772,431
2026-2030	3,715,000	-	-	3,715,000
2031-2032	1,920,000	-	-	1,920,000
Total	$ 16,083,915	$ 411,085	$ 1,537,962	$ 18,032,962

Private Placement Debt

Lease Purchase Financing

In June 2020, the District entered into a lease purchase agreement in the amount of $14,426,062. Proceeds from the lease will be used to fund energy and water efficiency projects on sites throughout the District. The lease was issued at 2.710 percent with the final payment to occur on June 26, 2040. The repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 183,812	$ 390,946	$ 574,758
2022	133,017	385,965	518,982
2023	173,317	382,360	555,677
2024	217,359	377,663	595,022
2025	250,702	371,773	622,475
2026-2030	2,155,416	1,725,552	3,880,968
2031-2035	4,148,496	1,334,363	5,482,859
2036-2040	7,163,943	621,815	7,785,758
Total	$ 14,426,062	$ 5,590,437	$ 20,016,499

Supplemental Early Retirement Incentives

Classified Employees:

Classified employees with at least five years of full-time CalPERS service in the District and attainment of age 50 were eligible to participate in this supplemental early retirement incentive program. Qualifying employees receive a payment each year for medical insurance benefits. Eligible participants receive 80 percent of their final annual pay deposited to an IRC Section 403 (b) account in five annual installments. There are 43 participants in the plan. The outstanding contract amount for this purpose is $2,521,653.

At June 30, 2020, future minimum payments on supplemental early retirement incentives were as follows:

Year Ending June 30,	Balance June 30, 2020
2021	$ 840,551
2022	840,551
2023	840,551
Total	$ 2,521,653

Early Retirement Incentives

The District provides early retirement incentives, in accordance with District employment contracts, to employees who retire from the District and meet certain eligibility requirements. Employees have various payment options, ranging from a lump-sum payment to payments over several years.

Classified Management Early Retirement Plans:

Classified management employees with at least 15 years of full-time CalPERS service in the District and attainment of age 57 are eligible to participate in this early retirement incentive program. Qualifying employees receive 17 percent of their last 12 months' salary for a maximum of five years. Currently, 20 retirees meet those eligibility requirements. The outstanding contract amount for this purpose is $275,861.

At June 30, 2020, future minimum payments on early retirement incentive were as follows:

Year Ending June 30,	Balance June 30, 2020
2021	$ 165,249
2022	110,612
Total	$ 275,861

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $1,027,342.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 6,391,531	$ 542,726	$ 254,064	$ 383,359
Medicare Premium Payment (MPP) Program	555,790	-	-	(9,538)
Total	$ 6,947,321	$ 542,726	$ 254,064	$ 373,821

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	86
Active employees	964
Total	1,050

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The District does not explicitly contribute towards the cost of these benefits for retirees. Benefits are provided through a third-party insurer. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Lompoc Federation of Teachers (LFT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, LTF, CSEA, and the unrepresented groups. For measurement period of June 30, 2019, the District paid $264,431 in benefits in the form of implicit subsidy.

Net OPEB Liability of the District

The District's total OPEB liability of $6,391,531, as measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability as of June 30, 2020, was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00	percent
Salary increases	3.00	percent, average, including inflation
Discount rate	2.45	percent
Investment rate of return	2.45	percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.90	percent for 2020
Retirees’ share of benefit-related costs	100.00	percent of projected health insurance premiums for retirees

The discount rate was based on the index rate for 20-Year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Pre-retirement mortality rates were based on RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020, valuation was based on the results of a review of plan experience for the period July 1, 2018, to June 30, 2019.

	Total OPEB Liability
Balance, June 30, 2019	$ 5,789,480
Service cost	429,454
Interest	181,042
Differences between expected and actual experience	122,663
Changes of assumptions or other inputs	133,323
Benefit payments	(264,431)
Net change in total OPEB liability	602,051
Balance, June 30, 2020	$ 6,391,531

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13 percent in 2019 to 2.45 percent in 2020 and later years.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (1.45%)	$ 7,392,243
Current discount rate (2.45%)	6,391,531
1% increase (3.45%)	5,596,352

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.90%)	$ 5,426,540
Current healthcare cost trend rate (5.90%)	6,391,531
1% increase (6.90%)	7,637,324

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of $383,359. At June 30, 2020, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 108,564	$ -
Changes of assumptions	434,162	254,064
Total	$ 542,726	$ 254,064

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 37,294
2022	37,294
2023	37,294
2024	37,294
2025	47,880
Thereafter	91,606
Total	$ 288,662

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $555,790, for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.1492 percent, and 0.1477 percent, resulting in a net increase in the proportionate share of 0.0015 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(9,538).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2019, 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 our 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 606,494
Current discount rate (3.50%)	555,790
1% increase (4.50%)	509,170

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.70% Part A and 3.10% Part B)	$ 520,941
Current Medicare costs trend rate (3.70% Part A and 4.10% Part B)	555,790
1% increase (4.70% Part A and 5.10% Part B)	625,399

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 5,000	$ -	$ 5,000	$ 10,000
Stores inventories	27,119	-	33,107	60,226
Prepaid expenditures	17,191	-	4,830	22,021
Total nonspendable	49,310	-	42,937	92,247
Restricted				
Legally restricted programs	2,751,195	-	925,433	3,676,628
Food service	-	-	1,579,236	1,579,236
Capital projects	-	15,656,234	681,592	16,337,826
Debt services	-	-	4,602,107	4,602,107
Total restricted	2,751,195	15,656,234	7,788,368	26,195,797
Assigned				
Reserve for multi-year projection	9,586,911	-	-	9,586,911
Board of Education reserve	2,403,189	-	-	2,403,189
LCFF Supplemental & Concentration	1,651,684	-	-	1,651,684
Deferred maintenance	993,122	-	-	993,122
Other	555,586	1,299,558	179,528	2,034,672
Total assigned	15,190,492	1,299,558	179,528	16,669,578
Unassigned				
Reserve for economic uncertainties	3,604,783	-	-	3,604,783
Remaining unassigned	2,834,270	-	-	2,834,270
Total unassigned	6,439,053	-	-	6,439,053
Total	$ 24,430,050	$ 16,955,792	$ 8,010,833	$ 49,396,675

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2020, the District participated in the Southern California Regional Liability Excess Fund (ReLiEF) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District participated in the Santa Barbara County Schools Self-Insurance Program for Employees (SB SIPE) public entity risk pool joint powers authority (JPA) for workers' compensation insurance coverage. The intent of SB SIPE is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District participates in the Self-Insured Schools of California III (SISC III) public risk entity pool for health benefits insurance coverage. SISC III is a shared risk pool comprised of school districts throughout California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claims payments are made for all participating districts.

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 76,197,056	$ 23,660,430	$ 10,550,398	$ 8,944,580
CalPERS	38,826,878	8,705,992	535,670	6,867,714
Total	$ 115,023,934	$ 32,366,422	$ 11,086,068	$ 15,812,294

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $8,122,339.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 76,197,056
State's proportionate share of the net pension liability	41,570,581
Total	$ 117,767,637

The net pension liability was measured as of June 30, 2019. 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 plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0844 percent and 0.0823 percent, resulting in a net increase in the proportionate share of 0.0021 percent.

For the year ended June 30, 2020, the District recognized pension expense of $8,944,580. In addition, the District recognized pension expense and revenue of $392,064, for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,122,339	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,708,472	5,468,121
Differences between projected and actual earnings on pension plan investments	-	2,935,133
Differences between expected and actual experience in the measurement of the total pension liability	192,357	2,147,144
Changes of assumptions	9,637,262	-
Total	$ 23,660,430	$ 10,550,398

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (296,058)
2022	(2,330,150)
2023	(483,776)
2024	174,851
Total	$ (2,935,133)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,771,447
2022	2,695,881
2023	1,006,046
2024	2,113,596
2025	301,602
Thereafter	34,254
Total	$ 7,922,826

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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 its 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.

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. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 111,463,724
Current discount rate (7.10%)	76,197,056
1% increase (8.10%)	45,295,892

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

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. Total plan contributions are calculated through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $3,639,414.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $38,826,878. The net pension liability was measured as of June 30, 2019. 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 plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.1332 percent and 0.1311 percent, resulting in a net increase in the proportionate share of 0.0021 percent.

For the year ended June 30, 2020, the District recognized pension expense of $6,867,714. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,639,414	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	397,907	175,543
Differences between projected and actual earnings on pension plan investments	-	360,127
Differences between expected and actual experience in the measurement of the total pension liability	2,820,391	-
Changes of assumptions	1,848,280	-
Total	$ 8,705,992	$ 535,670

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 355,484
2022	(710,069)
2023	(107,602)
2024	102,060
Total	$ (360,127)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 2,906,514
2022	1,356,430
2023	570,990
2024	57,101
Total	$ 4,891,035

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, 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 ten years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 55,966,392
Current discount rate (7.15%)	38,826,878
1% increase (8.15%)	24,608,468

Self-Insured Schools of California (SISC) Defined Benefit Plan Description

The District contributes to the SISC Defined Benefit Plan, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by SISC. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by the SISC Board of Trustees. The SISC Defined Benefit Plan issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the SISC Defined Benefit Plan annual financial report may be obtained from SISC, 1300 17th Street - City Centre, Bakersfield, California 93303.

Active plan members are not required to contribute. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the SISC Board of Trustees. The required employer contribution rate for fiscal year 2016-2017 was 3.2 percent for previously covered employees hired prior to January 1, 2013, and 1.6 percent for employees hired on or after that date. There are no contribution requirements of the plan members hired prior to January 31, 2013. The District's contributions to the SISC Defined Benefit Plan for the fiscal years ending June 30, 2020, 2019, and 2018, were $45,456, $51,639, and $49,514, respectively, and equal 100 percent of the required contributions.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,342,176 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $1,456,517 have been recorded in these financial statements. On behalf payments related to these additional contributions 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.*

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

[The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Operating Leases

The District has entered into operating leases for copiers with lease terms in excess of one year. The leases expire between October 31, 2017, and March 31, 2021. Total expenditures for fiscal year ended June 30, 2020 were $98,440.

Future minimum lease payments under these agreements are as follows:

Year Ending June 30	Lease Payment
2021	$ 30,691

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Cabrillo High School Weight Room	$ 54,723	10/02/20
Cabrillo High School Green House	49,678	10/14/20
Districtwide Energy Conservation Project	14,451,662	06/30/21
Total	$ 14,556,063	

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Southern California Regional Liability Excess Fund (SC ReLiEF), Self-Insured Schools of California III (SISC III), and the Santa Barbara County Schools Self-Insurance Program for Employees (SIPE) public entity risk pools joint powers authority (JPA). The County pays an annual premium to each entity for its property and liability, health benefits, and workers' compensation coverage, respectively. The relationships between the District, the pools, and the JPA are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the County are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2020, the District made payments of $730,921, $10,446,993, and $714,376, to ReLiEF , SISC III, and SIPE, respectively, for services received.

Note 15 - Subsequent Events

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information
June 30, 2020

Lompoc Unified School District

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances - Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	$ 96,396,944	$ 97,441,048	$ 97,156,404	$ (284,644)
Federal sources	6,465,496	7,996,497	6,876,347	(1,120,150)
Other State sources	7,248,134	9,678,862	10,958,039	1,279,177
Other local sources	3,173,870	6,054,802	7,452,243	1,397,441
Total revenues [1]	113,284,444	121,171,209	122,443,033	1,271,824
Expenditures				
Current				
Certificated salaries	48,079,781	48,624,280	48,614,975	9,305
Classified salaries	18,471,935	18,336,143	18,366,737	(30,594)
Employee benefits	28,897,973	29,016,971	30,001,506	(984,535)
Books and supplies	4,963,337	4,506,935	3,514,608	992,327
Services and operating expenditures	10,506,045	12,143,851	10,955,127	1,188,724
Other outgo	172,425	1,140,586	4,411,334	(3,270,748)
Capital outlay	4,977,998	4,596,892	1,113,679	3,483,213
Debt service				
Debt service - interest and other	-	-	1,000	(1,000)
Total expenditures [1]	116,069,494	118,365,658	116,978,966	1,386,692
Excess (Deficiency) of Revenues Over Expenditures	(2,785,050)	2,805,551	5,464,067	2,658,516
Other Financing Sources (Uses)				
Transfers in	2,800,000	-	-	-
Transfers out	-	-	(1,247,728)	(1,247,728)
Net financing sources (uses)	2,800,000	-	(1,247,728)	(1,247,728)
Net Change in Fund Balances	14,950	2,805,551	4,216,339	1,410,788
Fund Balance - Beginning	20,213,711	20,213,711	20,213,711	-
Fund Balance - Ending	$ 20,228,661	$ 23,019,262	$ 24,430,050	$ 1,410,788

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds is included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets. On behalf payments of $1,456,517, relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 429,454	$ 331,709	$ 357,192
Interest	181,042	178,835	157,563
Difference between expected and actual experience	122,663	-	-
Changes of assumptions	133,323	437,765	(412,854)
Benefit payments	(264,431)	(196,317)	(195,228)
Net change in total OPEB liability	602,051	751,992	(93,327)
Total OPEB Liability - Beginning	5,789,480	5,037,488	5,130,815
Total OPEB Liability - Ending	$ 6,391,531	$ 5,789,480	$ 5,037,488
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1492%	0.1477%	0.1445%
Proportionate share of the net OPEB liability	$ 555,790	$ 565,328	$ 607,940
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability (asset)	0.0844%	0.0823%	0.0798%	0.0857%	0.0948%	0.0830%
Proportionate share of the net pension liability (asset)	$ 76,197,056	$ 75,626,337	$ 73,815,363	$ 69,338,738	$ 63,849,154	$ 48,497,613
State's proportionate share of the net pension liability (asset)	41,570,581	43,299,615	43,668,545	39,473,307	33,769,164	29,284,952
Total	$ 117,767,637	$ 118,925,952	$ 117,483,908	$ 108,812,045	$ 97,618,318	$ 77,782,565
Covered payroll	$ 45,879,552	$ 43,541,594	$ 43,443,068	$ 43,596,803	$ 40,718,829	38,955,594
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	166.08%	173.69%	169.91%	159.05%	156.80%	124.49%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability (asset)	0.1332%	0.1311%	0.1307%	0.1350%	0.1273%	0.1310%
Proportionate share of the net pension liability (asset)	$ 38,826,878	$ 34,943,367	$ 31,193,627	$ 26,658,156	$ 18,756,783	$ 14,874,020
Covered payroll	$ 18,451,622	$ 17,871,045	$ 16,680,616	$ 16,318,494	$ 13,803,101	13,781,650
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	210.43%	195.53%	187.01%	163.36%	135.89%	107.93%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 8,122,339	$ 7,469,191	$ 6,283,052	$ 5,465,138	$ 4,677,937	$ 3,615,832
Less contributions in relation to the contractually required contribution	8,122,339	7,469,191	6,283,052	5,465,138	4,677,937	3,615,832
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 47,499,058	$ 45,879,552	$ 43,541,594	$ 43,443,068	$ 43,596,803	$ 40,718,829
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 3,639,414	$ 3,332,732	$ 2,775,552	$ 2,316,604	$ 1,933,252	$ 1,624,763
Less contributions in relation to the contractually required contribution	3,639,414	3,332,732	2,775,552	2,316,604	1,933,252	1,624,763
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 18,454,510	$ 18,451,622	$ 17,871,045	$ 16,680,616	$ 16,318,494	$ 13,803,101
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – Changes of assumptions reflect a change in the discount rate from 3.13 percent in 2019 to 2.45 percent in 2020 and later years.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2020

Lompoc Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Children Exposed to Violence	16.818	[1]	$ 147,752
Total U.S. Department of Justice			147,752
U.S. Department of Education			
Impact Aid	84.041	[1]	1,144,844
Passed Through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,752,831
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	61,170
Total Special Education (IDEA) Cluster			1,814,001
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,540,088
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	259,542
			2,799,630
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	467,646
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	85,995
Title III, Immigrant Student Program	84.365	15146	6,819
Title III, English Learner Student Program	84.365	14346	34,780
			41,599
Carl D. Perkins Career and Technical Education:			
Secondary, Section 132	84.048	14894	95,197
Total U.S. Department of Education			6,448,912
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	1,841,384
School Breakfast Program - School Breakfast Basic	10.553	13525	9,166
School Breakfast Program - School Breakfast Needy	10.553	13526	505,174
National School Lunch Program - Meal Supplements	10.556	13396	39,571
National School Lunch Program - Commodity Food Distribution	10.555	13392	336,161
National School Lunch Program - Summer Food Service, Operating	10.559	13004	1,344,824
National School Lunch Program - Summer Food Service, Administration	10.559	13006	138,216
Total Child Nutrition Cluster			4,214,496
Total U.S. Department of Agriculture			4,214,496
Total Expenditures of Federal Awards			$ 10,811,160

[1] Direct funded program

ORGANIZATION

The Lompoc Unified School District was established on July 1, 1960. The District currently operates nine elementary schools, two middle schools, two high schools, a community day school, a continuation high school, an adult education program, and an independent study program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Steve Straight	President	2022
Dick Barrett	Vice President	2020
Jeff Carlovsky	Clerk	2020
Bill Heath	Member	2022
Nancy Schuler-Jones	Member	2022

ADMINISTRATION

Trevor McDonald	Superintendent
John Karbula	Assistant Superintendent, Business Services
Bree Valla	Assistant Superintendent, Human Resources
Kathi L. Froemming	Assistant Superintendent, Education Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,888.81	2,888.81
Fourth through sixth	2,026.58	2,026.58
Seventh and eighth	1,474.40	1,474.40
Ninth through twelfth	2,680.56	2,680.56
Total Regular ADA	9,070.35	9,070.35
Extended Year Special Education		
Transitional kindergarten through third	2.71	2.71
Fourth through sixth	2.49	2.49
Seventh and eighth	1.21	1.21
Ninth through twelfth	6.40	6.40
Total Extended Year Special Education	12.81	12.81
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	1.82	1.82
Ninth through twelfth	1.00	1.00
Total Special Education, Nonpublic, Nonsectarian Schools	2.82	2.82
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.40	0.40
Ninth through twelfth	0.37	0.37
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.77	0.77
Community Day School		
Seventh and eighth	4.32	4.32
Ninth through twelfth	8.27	8.27
Total Community Day School	12.59	12.59
Total ADA	9,099.34	9,099.34

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	49,416	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,400	180	N/A	Complied
Grade 2		50,400	180	N/A	Complied
Grade 3		50,400	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,012	180	N/A	Complied
Grade 5		54,012	180	N/A	Complied
Grade 6		54,012	180	N/A	Complied
Grade 7		61,040	180	N/A	Complied
Grade 8		61,040	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,817	180	N/A	Complied
Grade 10		64,817	180	N/A	Complied
Grade 11		64,817	180	N/A	Complied
Grade 12		64,817	180	N/A	Complied

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Special Reserve Fund for Capital Outlay Projects
Fund Balance	
Balance, June 30, 2020, Unaudited Actuals	$ 2,529,730
Increase in	
Cash with fiscal agent	14,426,062
Balance, June 30, 2020, Audited Financial Statements	$ 16,955,792

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 109,767,462	$ 120,900,985	$ 122,257,565	$ 111,538,616
Expenditures	112,300,378	110,842,417	119,124,089	109,272,025
Other uses	-	9,317,012	2,704,231	10,936,179
Total Expenditures and Other Uses	112,300,378	120,159,429	121,828,320	120,208,204
Increase/(Decrease) in Fund Balance	(2,532,916)	741,556	429,245	(8,669,588)
Ending Fund Balance	$ 11,317,102	$ 13,850,018	$ 13,108,462	$ 12,679,217
Available Reserves [2, 4]	$ 4,752,688	$ 6,439,053	$ 4,173,678	$ 3,606,247
Available Reserves as a Percentage of Total Outgo [4]	4.23%	5.42%	3.54%	3.00%
Long-Term Liabilities including OPEB and Pensions	N/A	$ 157,451,880	$ 142,970,704	$ 137,171,514
K-12 Average Daily Attendance at P-2	9,036	9,099	9,041	9,126

The General Fund balance has increased by $1,170,801 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $2,532,916 (18.3 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $20,280,366 over the past two years.

Average daily attendance has decreased by 27 over the past two years. An additional decline of 63 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

[4] On behalf payments of $1,456,517 and $4,091,616, relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2020, and June 30, 2019, respectively.

Name of Charter School and Charter Number	Included in Audit Report
Manzanita Public Charter School (0973)	No

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 1,077,881	$ 682,680	$ 620,532	$ 4,588,012	$ 6,969,105
Receivables	165,148	1,443,063	38,898	14,095	1,661,204
Due from other funds	-	57,608	59,950	-	117,558
Prepaid expenditures	4,830	-	-	-	4,830
Stores inventories	-	33,107	-	-	33,107
Total assets	$ 1,247,859	$ 2,216,458	$ 719,380	$ 4,602,107	$ 8,785,804
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 124,490	$ 234,476	$ 37,788	$ -	$ 396,754
Due to other funds	13,578	364,639	-	-	378,217
Total liabilities	138,068	599,115	37,788	-	774,971
Fund Balances					
Nonspendable	4,830	38,107	-	-	42,937
Restricted	925,433	1,579,236	681,592	4,602,107	7,788,368
Assigned	179,528	-	-	-	179,528
Total fund balances	1,109,791	1,617,343	681,592	4,602,107	8,010,833
Total liabilities and fund balances	$ 1,247,859	$ 2,216,458	$ 719,380	$ 4,602,107	$ 8,785,804

	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ 4,214,496	$ -	$ -	$ 4,214,496
Other State sources	1,100,223	183,823	-	34,412	1,318,458
Other local sources	20,972	510,210	117,843	3,997,668	4,646,693
Total revenues	1,121,195	4,908,529	117,843	4,032,080	10,179,647
Expenditures					
Current					
Instruction	605,864	-	-	-	605,864
Instruction-related activities					
Supervision of instruction	163,789	-	-	-	163,789
School site administration	323,570	-	-	-	323,570
Pupil services					
Food services	-	4,295,106	-	-	4,295,106
All other pupil services	57,987	-	-	-	57,987
Administration					
All other administration	53,378	203,574	-	-	256,952
Plant services	10,918	71,476	176,602	-	258,996
Facility acquisition and construction	-	-	347,623	-	347,623
Debt service					
Principal	-	-	-	3,565,000	3,565,000
Interest and other	-	-	-	622,419	622,419
Total expenditures	1,215,506	4,570,156	524,225	4,187,419	10,497,306
Excess (Deficiency) of Revenues Over Expenditures	(94,311)	338,373	(406,382)	(155,339)	(317,659)
Other Financing Sources					
Transfers in	-	47,728	-	-	47,728
Net Change in Fund Balances	(94,311)	386,101	(406,382)	(155,339)	(269,931)
Fund Balance - Beginning	1,204,102	1,231,242	1,087,974	4,757,446	8,280,764
Fund Balance - Ending	$ 1,109,791	$ 1,617,343	$ 681,592	$ 4,602,107	$ 8,010,833

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Lompoc Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Lompoc Unified School District, it is not intended to and does not present the financial position, changes in net position or fund balance of Lompoc Unified School District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District does not draw for indirect administrative expenses and has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the value of food commodities in inventory was insignificant.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of federal Awards. The reconciling amounts consist of COVID Relief: Learning Loss Mitigation funds that were spent prior to funds being appropriated by the California Department of Education.

	CFDA Number	Amount
Description		
Total Federal Revenues reported on the financial statements		$ 11,090,843
Coronavirus Relief Fund	21.019	(279,683)
Total schedule of expenditures of federal awards		$ 10,811,160

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District as met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at 1986-87 requirements, as required by *Education Code* Section 46201.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 52 days due to the pandemic. As a result, the District received credit for these 52 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and whether or not the Charter School is included in the District's audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2020

Lompoc Unified School District

eidebailly.com

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*

To the Board of Directors
Lompoc Unified School District
Lompoc, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lompoc Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lompoc Unified School District's basic financial statements and have issued our report thereon dated February 2, 2021.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered 's internal control over financial reporting (internal control) as a basis for designing 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 's internal control. Accordingly, we do not express an opinion on the effectiveness of '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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Financial Statement Findings as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Lompoc Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Lompoc Unified School District in a separate letter dated February 2, 2021.

Lompoc Unified School District's Response to Findings
Lompoc Unified School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lompoc Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 2, 2021

CPAs & BUSINESS ADVISORS

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

To the Board of Directors
Lompoc Unified School District
Lompoc, California

Report on Compliance for Each Major Federal Program
We have audited Lompoc Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lompoc Unified School District's major federal programs for the year ended June 30, 2020. Lompoc Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, Lompoc Unified School District's 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, 2020.

Lompoc Unified School District‘s response to the noncompliance findings identified in our audit are described in the accompanying *[insert name of document containing management's response to the auditor's findings; for example, schedule of findings and questioned costs and/or corrective action plan].* Lompoc Unified School District‘s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 consider 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.

Eide Bailly LLP

Rancho Cucamonga, California
February 2, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Directors
Lompoc Unified School District
Lompoc, California

Report on State Compliance
We have audited Lompoc Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility
Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has 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 on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform procedures for Kindergarten Continuance because there were no Kindergarteners retained in 2018-2019 that were in Kindergarten in 2019-2020.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

Basis for Qualified Opinion on After School Safety and Education

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Lompoc Unified School District did not comply with requirements regarding the *After School Safety and Education Program* as identified in finding 2020-002 in the accompanying *Schedule of State Compliance Findings and Questioned Costs*. Compliance with such requirements is necessary, in our opinion, for Lompoc Unified School District to comply with the requirements referred to above.

Qualified Opinion on After School Safety and Education

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lompoc Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

Lompoc Unified School District‘s response to the noncompliance finding(s) identified in our audit is(are) described in the accompanying *Schedule of State Compliance Findings and Questioned Costs.* Lompoc Unified School District‘s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs
In our opinion, Lompoc Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 2, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

Lompoc Unified School District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

Unmodified for all programs except for the following program which was qualified*:

Name of Program
*After School Education and Safety

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2020-001 Code 30000

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of financial account balances to ensure that they agree to corresponding supporting records.

Condition

During the course of our engagement, we identified a material misstatement of balance within the District's 2019-2020 unaudited actuals financial report. Through review of supporting records, it was noted that the cash with fiscal agent balance in the Special Reserve Fund for Capital Outlay Projects was understated by $14,426,062.

Questioned costs

There were no questioned costs associated with the condition noted.

Context

The condition was identified through review of available District records related to the new lease purchase financing arrangement and the financial account balances in the Special Reserve Fund for Capital Outlay Projects.

Effect

Due to the condition identified, the District's Special Reserve Fund for Capital Outlay Projects has been understated by $14,426,062.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the effect the new lease purchase financing arrangement will have on the District's fund financial statements.

Recommendation

Management should review financial account balances to ensure that balances have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information.

Repeat Finding

No

Corrective Action Plan

The Financial account balances will be reviewed to ensure that balances have been correctly reported. Balances will be traceable, accurate, complete and verifiable.

None reported.

The following finding represents an instance of noncompliance and/or questioned cost relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2020-002 Code 40000, After School Education and Safety Program

Criteria or Specific Requirements

According to *Education Code* Section 8483(a)(1), elementary school pupils are to participate in the full day of the After School Education and Safety Program every day during which pupils participate and pupils in middle or junior high schools are to attend the after school program a minimum of nine hours a week and three days a week, except as consistent with the established early release policy.

The District has an implemented policy that elementary school students must attend the afterschool program at least 15 hours per week. Students may be released early for participation in enrichment activities such as sports, arts, music, field trips or tutoring and at the parents' discretion for medical or religious purposes. Students may not be released or leave the program without an early release indicating the student's name and the activity or specific reason they are leaving the program earlier than required.

Adequate documentation that supports attendance participation must be maintained by each site that documents that students are attending the program as consistent with the early release policy.

Condition

During our review of the attendance/participation records (sign in/out sheets) and early release forms for Fillmore Elementary School, we noted that numerous students were signed out early without a reason noted. These students were included in the total attendance reported by the District on the first semi-annual report for the 2019-2020 fiscal year. We were unable to agree the totals reported on the first semi-annual report to the sign-out sheets for the site when those leaving early without documentation were removed from the count.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

The condition identified was determined through a review of the attendance records for the District's After School Education and Safety program at Fillmore Elementary School. The auditor reviewed sign in/out sheets for the month of November 2019 and noted numerous students who left earlier than 5:30 pm without a reason given.

Effect

As a result of our testing, the District does not appear to comply with *Education Code* Section 8483(a)(1). There are not verifiable records to support students' leaving the program early as established by the District's early release policy. Based on testing, it appears the District overstated the number of students served.

Cause

It appears that the condition identified has materialized as a result of the site's inconsistent application of the District's early release policy.

Repeat Finding

Yes, refer to prior-year finding 2019-001

Recommendation

The District should ensure adequate review of the attendance reports prior to submission to the California Department of Education to ensure the total number of students served as documented on the manual rosters reconciles to the total number of students reported on the attendance report, excluding students who leave earlier than the established release time based on the early release policy.

Corrective Action Plan

The District will ensure adequate review of the attendance reports prior to submission to the California Department of Education to ensure the total number of students served as documented on the manual rosters reconciles to the total number of students reported on the attendance report, excluding students who leave earlier than the established release time based on the early release policy.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

State Compliance Findings

2019-001 Code 40000, After School Education and Safety Program

Criteria or Specific Requirements

According to *Education Code* Section 8483(a)(1), elementary school pupils are to participate in the full day of the After School Education and Safety Program every day during which pupils participate and pupils in middle or junior high schools are to attend the after school program a minimum of nine hours a week and three days a week, except as consistent with the established early release policy.

The District has an implemented policy that elementary school students must attend the afterschool program at least 15 hours per week. Students may be released early for participation in enrichment activities such as sports, arts, music, field trips or tutoring and at the parents' discretion for medical or religious purposes. Students may not be released or leave the program without an early release indicating the student's name and the activity or specific reason they are leaving the program earlier than required.

Adequate documentation that supports attendance participation must be maintained by each site that documents that students are attending the program as consistent with the early release policy.

Condition

During our review of the attendance/participation records (sign in/out sheets) and early release forms for Fillmore Elementary School, we noted that numerous students were signed out early without a reason noted. These students were included in the total attendance reported by the District on the first semi-annual report for the 2018-2019 fiscal year. We were unable to agree the totals reported on the first semi-annual report to the sign-out sheets for the site when those leaving early without documentation were removed from the count.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

The condition identified was determined through a review of the attendance records for the District's After School Education and Safety program at Fillmore Elementary School. The auditor reviewed sign in/out sheets for the month of November 2018 and noted numerous students who left earlier than 5:30 pm without a reason given.

Effect

As a result of our testing, the District does not appear to be in compliance with *Education Code* Section 8483(a)(1). There are not verifiable records to support students' leaving the program early as established by the District's early release policy. Based on testing, it appears the District overstated the number of students served.

Cause

It appears that the condition identified has materialized as a result of the site's inconsistent application of the District's early release policy.

Repeat Finding

No

Recommendation

The District should ensure adequate review of the attendance reports prior to submission to the California Department of Education to ensure the total number of students served as documented on the manual rosters reconciles to the total number of students reported on the attendance report, excluding students who leave earlier than the established release time based on the early release policy.

Current status

Implemented

Management
Lompoc Unified School District
Lompoc, California

In planning and performing our audit of the financial statements of Lompoc Unified School District (the District) for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 2, 2021, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Vandenburg Middle School

Observations
During our audit of the ASB internal controls, we noted the following:

- The use of sub-receipt books and accompanying documentation used by teachers and advisors for club receipts and deposits is not consistent. Cash collections are not always supported by sub-receipts, tally sheets, or logs that agree the total to the cash count sheet. Of eight deposits tested, six contained receipts that did not have sufficient support. Therefore, the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.
- Through the review of cash disbursement procedures, it was noted one of the nine tested disbursements did not contain three pre-approval signatures on the purchase request. In addition, one of the nine disbursements did not contain receiving documentation evidence for goods purchased.
- Neither of the two revenue potential forms selected for testing contained an explanation for the overage or shortage between actual revenue/expense and budgeted revenue/expense.
- We noted that daily sales from the student store for the period selected for testing did not contain a completed sales report identifying items and amounts sold and did not reconcile sales to ending inventory. In addition, the student store does not maintain a perpetual inventory record of the snacks purchased or sold.
- A summary ticket sales report was not completed for ticketed events. Such a report documents the beginning and ending ticket numbers, the number of tickets sold, cash received, and the date of ticket sales. In addition, a master ticket control log is not being used to document the beginning and ending ticket numbers for each ticket roll in inventory.

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Recommendations

- Pre-numbered triplicate receipts, tally sheets, or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the student's name and amount submitted in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. The white copy of the receipt should be issued to the payer, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. Teachers and administrators who collect monies should be equipped with a triplicate receipts book, tally sheet, or log sheet. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
- In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are approved in advance of the expenditure by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
- All invoices should be accompanied by a purchase order where applicable and signed receiving documentation. This reduces the risk of unauthorized spending, and items being paid for and not received. Purchase orders provide clubs with documentation of items requested that can then be checked to the receiving documentation for accuracy and completeness, giving the clubs better control over their spending and inventory.
- All revenue potentials must be completed at the end of each fundraiser. The form is also used to document overages and shortages or losses of merchandise. An explanation of any overages/shortages must be documented on the form. The site administrator should ensure that these forms are completed and turned into the bookkeeper at the conclusion of the fundraiser.
- According to the procedures outlined in the Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, prepared by the Fiscal Crisis & Management Assistance Team, a physical inventory should be taken monthly under supervision of the student store advisor. The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen. In addition, the bookkeeper should complete all daily sales reports as well as sign and date them.
- A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the roll. When ticket rolls are issued, they should be logged out noting the beginning and ending ticket numbers in the roll and to whom the roll was issued. When the ticket sales report form is returned, the form should be reconciled to the log. Both the preparer of the ticket sales report and the reviewer should sign and date the report to show that it has been reviewed before it is forwarded to the bookkeeper. The mathematical accuracy of the sales recap should be checked, and the cash shortage and overage should be clearly documented. Should a cash variance exist, an explanation should be stated on the form.

<u>Lompoc High School</u>

Observations

During our audit of the ASB internal controls, we noted the following:

- Of 25 receipts selected for testing, three were not deposited in a timely manner.
- Four of 25 disbursements tested did not contain receiving documentation evidence for goods purchased.

- Of six revenue potential forms selected for testing, one did not contain an explanation for overage or shortage between actual revenue/expense and budgeted revenue/expense.
- A physical inventory count had not taken place. In addition, we noted that no reconciliation of store sales to physical inventory to ensure that all items purchased for resale have been sold or accounted for had been completed.
- None of the five ticket sales reports tested have been properly prepared and are missing the signature of the ticket seller and bookkeeper reviewer. In addition, a master ticket control log is not being used to document the beginning and ending ticket numbers for each ticket roll.

Recommendations

- The ASB should, make bank deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
- All expenditures should be accompanied signed receiving documentation. This reduces the risk of unauthorized spending and items being paid for and not received as ordered.
- All revenue potentials must be completed at the end of each fundraiser. The form is also used to document overages and shortages or losses of merchandise. An explanation of any overages/shortages must be documented on the form. The site administrator should ensure that these forms are completed and turned into the bookkeeper at the conclusion of the fundraiser.
- According to the procedures outlined in the Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, prepared by the Fiscal Crisis & Management Assistance Team, a physical inventory should be taken monthly under supervision of the student store advisor. The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen. In addition, the bookkeeper should complete all daily sales reports as well as sign and date them.
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We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
February 2, 2021