

LA PUENTE VALLEY REGIONAL
OCCUPATIONAL PROGRAM

LOS ANGELES COUNTY
LA PUENTE, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2019

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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Financial Section



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INDEPENDENT AUDITOR'S REPORT

To the Joint Board of Trustees
La Puente Valley Regional Occupational Program
La Puente, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the La Puente Valley Regional Occupational Program (ROP), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the La Puente Valley ROP'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.

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Society of
Certified Public
Accountants

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, the major fund, and the aggregate remaining fund information of the La Puente Valley Regional Occupational Program, as of June 30, 2019, 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 3 through 9, General Fund Budgetary Comparison Schedule on page 31 and Schedules of the ROP's Proportionate Share of the Net Pension Liability and Contributions on pages 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the La Puente Valley Regional Occupational Program's basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019 on our consideration of the La Puente Valley Regional Occupational Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the La Puente Valley Regional Occupation Program'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 La Puente Valley Regional Occupational Program's internal control over financial reporting and compliance.



San Bernardino, California
November 6, 2019

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2019

INTRODUCTION

The Management's Discussion and Analysis of La Puente Valley Regional Occupational Program's (the ROP) financial performance provides an overall review of the ROP's financial activities for the fiscal year ended June 30, 2019. The intent of the analysis is to look at the ROP's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the ROP's financial performance.

La Puente Valley Regional Occupational Program is designed to serve the occupational needs of youth in its service area by combining the member school districts' resources and talents with occupational education that meet the demands of business and industry. The program is conducted in a variety of physical facilities throughout its service area, including the high schools of the participating districts and various commercial and industrial locations. The ROP is located in the City of La Puente, California.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

FINANCIAL HIGHLIGHTS

- The La Puente Valley Regional Occupational Program's Government-wide Statement of Net Position shows Total Net Position of \$(121,201) the result of assets and deferred outflows of resources of \$4,427,287 less liabilities and deferred inflows of resources of \$4,548,488.
- The ROP implemented GASB Statement No. 68, which requires the ROP to report its proportionate share of the Net Pension Liabilities of CalPERS and CalSTRS. At June 30, 2019, the ROP's proportionate share of the Net Pension Liabilities was \$4,380,614.
- General revenues accounted for \$1,204,743 in revenue or 73% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$450,058 or 27% of total revenues of \$1,654,801.
- The ROP had \$3,245,615 in expenses related to governmental activities, which were offset by program specific revenues in the form of charges for services, grants and contributions of \$450,058. General revenues (primarily fees and other transfers from other agencies) of \$1,204,743 were not adequate to cover expenses and resulted in a change in Net Position of \$(1,590,814).
- The General Fund reported a positive fund balance of \$3,140,584.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2019

REPORTING THE ROP AS A WHOLE

▪ THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

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

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

- Governmental Activities – Most of the ROP's programs and services are reported here, including instruction, pupil services including transportation, administration, plant services, facilities acquisition and construction, interest on the long-term debt and other services.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. La Puente Valley Regional Occupational Program does not have any of these types of activities at this time.

▪ FUND FINANCIAL STATEMENTS

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

▪ GOVERNMENTAL FUNDS

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2019

▪ FIDUCIARY FUNDS

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

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

▪ NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

▪ THE ROP AS A WHOLE

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

Table 1 provides a summary of the ROP's net position for fiscal years 2018-19 and 2017-18.

Table 1 - Net Position

	Governmental Activities		% Change
	2019	2018	
Current and Other Assets	\$ 3,175,197	\$ 5,022,700	(36.8)
Capital Assets	-	472,538	(100.0)
Total Assets	3,175,197	5,495,238	(42.2)
Deferred Outflows of Resources	1,252,090	1,133,813	10.4
Current Liabilities	34,613	530,861	(93.5)
Long-Term Debt	4,380,814	4,489,982	(2.4)
Total Liabilities	4,415,427	5,020,843	(12.1)
Deferred Inflows of Resources	133,061	138,595	(4.0)
Net Position			
Net Investment in Capital Assets	-	472,538	(100.0)
Restricted	-	5,000	(100.0)
Unrestricted	(121,201)	992,075	(112.2)
Total Net Position	\$ (121,201)	\$ 1,469,613	(108.2)

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2019

Table 2 shows the changes in net position for fiscal years 2018-19 and 2017-18.

Table 2 - Changes in Net Position

	Governmental Activities		% Change
	2019	2018	
Revenues			
<i>Program Revenues:</i>			
Operating Grants and Contributions	\$ 450,058	\$ 334,779	34.4
<i>General Revenues:</i>			
Other General Revenues	1,204,743	4,381,547	(72.5)
Total Revenues	<u>1,654,801</u>	<u>4,716,326</u>	(64.9)
Expenses			
Instruction	1,682,772	3,944,888	(57.3)
Administration	1,335,243	1,054,500	26.6
Maintenance and Operations	227,600	367,126	(38.0)
Other	-	38,560	(100.0)
Total Expenses	<u>3,245,615</u>	<u>5,405,074</u>	(40.0)
Change in Net Position	<u>\$ (1,590,814)</u>	<u>\$ (688,748)</u>	131.0

▪ GOVERNMENTAL ACTIVITIES

Charges for services, operating grants and contributions, and capital grants and contributions made up 27% of revenues for governmental activities. General revenues not restricted to specific programs made up 73% of the total revenues available.

Instruction-related activities made up 52% of expenses. Administration including data processing made up 19%. Maintenance and operations made up 41%.

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2019

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by member district contributions and other revenues.

Table 3 - Total and Net Cost of Governmental Activities

	Total Cost			
	2019	%	2018	%
Instruction	\$ 1,682,772	52	\$ 3,944,888	73
Administration	1,335,243	41	1,054,500	19
Maintenance and Operations	227,600	7	367,126	7
Other	-	-	38,560	1
Total	<u>\$ 3,245,615</u>	<u>100</u>	<u>\$ 5,405,074</u>	<u>100</u>
	Net Cost			
	2019	%	2018	%
Instruction	\$ 1,264,283	45	\$ 3,622,034	71
Administration	1,303,812	47	1,042,575	21
Maintenance and Operations	227,462	8	367,126	7
Other	-	-	38,560	1
Total	<u>\$ 2,795,557</u>	<u>100</u>	<u>\$ 5,070,295</u>	<u>100</u>

GENERAL FUND BUDGET INFORMATION

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

The ROP begins the budget process in January of each year. By law, the Joint Board of Trustees must adopt a Final Budget by June 30. In May of each year, a Preliminary Budget is presented to the Board. Time is allocated during the Board meeting for public input and Board direction. A Final Budget is presented in late June, which reflects the latest known financial information, including the Governor's May Revise of the State budget. During the course of the fiscal year, the ROP revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on state budget adoption.

GENERAL FUND BUDGET VARIATIONS

For the General Fund, actual revenues were \$574,800 with a final budget estimated at \$1,379,974. Our 2018-19 budget was developed in partnership with our member districts. We met with all stakeholders including coordinating council, principals and business officials.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2019

There are several reasons for expenditure budget revisions. Most notable are any negotiated salary increases approved by the Joint Board of Trustees for ROP employees. The original budget does not presume negotiated salary increases. Also, any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would also require budget revisions.

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

▪ CAPITAL ASSETS AND DEBT ADMINISTRATION

• CAPITAL ASSETS

At the end of the fiscal year 2018-19, the ROP had \$0 invested in furniture and equipment, net of depreciation. Table 4 shows both fiscal years 2018-19 and 2017-18 balances.

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

	Governmental Activities	
	2019	2018
Furniture and Equipment	\$ -	\$ 472,538

• DEBT

At June 30, 2019, the ROP had \$4,380,814 in debt outstanding. Table 5 summarizes these debts.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities	
	2019	2018
Net Pension Liability	\$ 4,380,814	\$ 4,489,982

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2019

FOR THE FUTURE

The Joint Board Agreement will terminate June 30, 2019. The La Puente Valley ROP will close on June 30, 2019.

▪ CONTACTING THE ROP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the ROP's finances and to show the ROP's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the fiscal services department, Hacienda La Puente Unified School District, 15959 E. Gale Avenue, City of Industry, CA 91745.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
STATEMENT OF NET POSITION
 JUNE 30, 2019

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash (Note 2)	\$ 2,985,241
Accounts Receivable (Note 3)	189,956
TOTAL ASSETS	3,175,197
<u>DEFERRED OUTFLOWS OF RESOURCES</u> (Note 6)	1,252,090
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	34,613
Long-Term Liabilities: (Note 5)	
Portion Due or Payable After One Year	4,380,814
TOTAL LIABILITIES	4,415,427
<u>DEFERRED INFLOWS OF RESOURCES</u> (Note 6)	133,061
<u>NET POSITION</u>	
Unrestricted	(121,201)
TOTAL NET POSITION	\$ (121,201)

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

EXHIBIT B

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental:					
Instruction	\$ 1,101,000	\$ -	\$ 368,021	\$ -	\$ (732,979)
Instruction-Related Services:					
Supervision of Instruction	234,466	-	29,311	-	(205,155)
Instructional Library, Media and Technology	18,214	-	1,169	-	(17,045)
School Site Administration	282,094	-	16,932	-	(265,162)
Pupil Services:					
All Other Pupil Services	46,998	-	3,056	-	(43,942)
General Administration:					
Centralized Data Processing	175	-	-	-	(175)
All Other General Administration	1,335,068	-	31,431	-	(1,303,637)
Plant Services	227,600	-	138	-	(227,462)
Total Governmental Activities	<u>\$ 3,245,615</u>	<u>\$ -</u>	<u>\$ 450,058</u>	<u>\$ -</u>	<u>(2,795,557)</u>
General Revenues:					
Interest and Investment Earnings					70,661
Interagency Revenues					1,028,110
Miscellaneous					105,972
Total General Revenues					<u>1,204,743</u>
Change in Net Position					(1,590,814)
Net Position - July 1, 2018					<u>1,469,613</u>
Net Position - June 30, 2019					<u>\$ (121,201)</u>

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
BALANCE SHEET
GOVERNMENTAL FUND
 JUNE 30, 2019

	GENERAL FUND
<u>ASSETS</u>	
Cash (Note 2)	
Cash in County Treasury	\$ 2,985,241
Accounts Receivable (Note 3)	189,956
TOTAL ASSETS	\$ 3,175,197
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts Payable	34,613
Fund Balance	
Unassigned	3,140,584
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,175,197

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total Fund Balance - Governmental Fund	\$ 3,140,584
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Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:

Net Pension Liability	(4,380,814)
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In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:

Deferred outflows of resources related to pensions	1,252,090
Deferred inflows of resources related to pensions	<u>(133,061)</u>

Total Net Position - Governmental Activities	<u><u>\$ (121,201)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	GENERAL FUND
<u>REVENUES</u>	
Other State Revenues	\$ 450,058
Other Local Revenues	1,204,742
Total Revenues	1,654,800
<u>EXPENDITURES</u>	
Instruction	1,378,494
Instruction-Related Services:	
Supervision of Instruction	258,576
Instructional Library, Media and Technology	20,678
School Site Administration	317,793
Pupil Services:	
All Other Pupil Services	53,440
General Administration:	
Data Processing	175
All Other General Administration	749,009
Plant Services	227,890
Total Expenditures	3,006,055
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,351,255)
<u>FUND BALANCE</u> - JULY 1, 2018	4,491,839
<u>FUND BALANCE</u> - JUNE 30, 2019	\$ 3,140,584

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds	\$ (1,351,255)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital outlay	\$ 179,789	
Depreciation Expense	-	179,789

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue.

In the statement of activities, only the resulting gain or loss is reported.	(652,327)
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In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.

	232,979
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Change in Net Position of Governmental Activities	
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	\$ (1,590,814)
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The Notes to Financial Statements are an integral part of this statement.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The La Puente Valley Regional Occupational Program (the ROP) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the ROP conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and by the American Institute of Certified Public Accountants.

Description of Reporting Entity

The ROP was formed by a Joint Powers Agreement among the following Los Angeles County School Districts: Bassett Unified School District, Hacienda La Puente Unified School District and Rowland Unified School District. The purpose of the ROP is to provide occupational training for high school students residing in the districts that formed the Joint Powers entity. Pursuant to an MOU (Memorandum of Understanding) dated February 28, 2019 approved by the Participating Districts and approved by the Joint Board of Trustees of La Puente Valley Regional Occupational Program on April 17, 2019, the Joint Board Agreement which established the La Puente Regional Occupational Program will terminate effective June 30, 2019 and the ROP will close and dissolve at midnight on June 30, 2019.

For financial reporting purposes, the ROP operates a general fund which is the major fund and the only fund controlled by or dependent on the ROP Joint Board of Trustees. Board members are elected by the participating district's governing boards and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. No entities subordinate to the ROP have been combined to form the reporting entity.

Fund Accounting

Fund financial statements report detailed information about the ROP. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The ROP only maintains one fund, the General Fund.

Governmental Fund:

General Fund is the general operating fund of the ROP. It is used to account for all financial resources of the ROP.

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

Basis of Accounting

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

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Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the ROP, "available" means collectible within the current period or within 60 days after year-end.

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

Unearned Revenue:

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

Expenses/Expenditures:

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

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

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the ROP's Joint Board of Trustees must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The ROP's Joint Board of Trustees satisfied these requirements.

These budgets are revised by the ROP's Joint Board of Trustees and ROP Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2019.

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Formal budgetary integration was employed as a management control device during the year. The ROP employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

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

Encumbrances

Encumbrance accounting is used to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders. Encumbrances are liquidated when the commitments are paid. All outstanding encumbrances were liquidated as of June 30.

Cash and Cash Equivalents

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

Capital Assets

Computers and computer-related equipment with an original cost of \$1,000 and other assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Automotive Equipment	10
Computer Equipment	5
Licensed Vehicles (Bus)	15
Portable Structures	25
Building Improvements/Personal Property	10
Audio Visual Equipment	10
Milling Machine	15

Compensated Absences

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

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Net Position in the Government-Wide Financial Statements

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

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

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

Fund Balance Reserves and Designations

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

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

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

Deferred Outflows and Deferred Inflows of Resources

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

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

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Pensions

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

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Long-Term Obligations

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

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) statements are effective for the FY 2018-19 financial statement audits:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement is effective for fiscal years beginning after June 15, 2018. Earlier application is encouraged.

The primary objective of this statement is to provide financial statements users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirement of this statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

The primary objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

- GASB Statement No. 90, *Majority Equity Interests*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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2. CASH

Cash at June 30, 2019, consisted of the following:

	<u>Governmental Fund</u>
Pooled Funds:	
Cash in County Treasury	<u>\$ 2,985,241</u>

In accordance with Education Code Section 41001, the ROP maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool (\$31,643,545,889 as of June 30, 2019). The County pools these funds with those of other LEAs in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The ROP is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2019, as provided by the pool sponsor, was \$31,613,193,051. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROP manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The ROP maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately \$2,982,378 and an amortized book value of \$2,985,241. The average weighted maturity for this pool is 547 days.

The ROP does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the ROP had no significant interest rate risk related to cash and investments held.

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The ROP does not place limits on the amount it may invest in any one issuer. At June 30, 2019, the ROP had no concentration of credit risk.

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Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the ROP's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

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

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

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consisted of the following:

Local Sources	
Interest	\$ 17,021
Other	55,840
Total Local Sources	<u>72,861</u>
 Due from Participating Districts	 <u>117,095</u>
 Total Receivables	 <u><u>\$ 189,956</u></u>

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2019, is shown below:

	<u>PRIMARY GOVERNMENT</u>			
	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>
Furniture and Equipment	\$ 1,449,783	\$ 179,789	\$ 1,629,572	\$ -
Less Accumulated Depreciation for:				
Furniture and Equipment	<u>977,245</u>	<u>-</u>	<u>977,245</u>	<u>-</u>
Governmental Activities Capital				
Assets, Net	<u><u>\$ 472,538</u></u>	<u><u>\$ 179,789</u></u>	<u><u>\$ 652,327</u></u>	<u><u>\$ -</u></u>

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5. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
Net Pension Liability	<u>\$ 4,489,982</u>	<u>\$ -</u>	<u>\$ 109,168</u>	<u>\$ 4,380,814</u>	<u>\$ -</u>

6. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

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

Benefits Provided

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

	CalPERS		CalSTRS	
	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>
Hire Date	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	7.000%	7.000%	10.250%	10.205%
Required employer contribution rates	18.062%	18.062%	16.280%	16.280%

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

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Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 6.00%, and the employer contribution rate was 13.88% of annual payroll. For the fiscal year ending June 30, 2019, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 7.00%, and the employer's contribution rate was 18.062%.

On-Behalf Payments

Consistent with Section 20825.2 of the Government Code, the State of California appropriated \$904,000,000 from the General Fund for the 2018-19 fiscal year to be apportioned as follows:

- a) \$144,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2019-20 fiscal year.
- b) \$100,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2020-21 fiscal year.
- c) \$660,000,000 shall be applied to the unfunded liabilities for the school employers whose assets and liabilities are merged pursuant to subdivision (a) of Section 20618.

Any payments made pursuant to this section shall not discharge the school employers for any remaining amounts due and payable pursuant to this part.

On-behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

Contributions - CalSTRS

For the measurement period ended June 30, 2018 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions 10.205% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.280% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Section 22950.5 states, "For fiscal year 2021-22 and each fiscal year thereafter, the board shall increase or decrease the percentages paid specified in this section from the percentage paid during the prior fiscal year to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the board based upon a recommendation from its actuary."

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On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the ROP. For the measurement period ended June 30, 2018 (measurement date), the State contributed 9.125% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On-behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

Contributions Recognized

For the year ended June 30, 2019, the contributions recognized as part of pension expense for each plan were as follows:

	<u>CalPERS</u>	<u>CalSTRS</u>
Contributions - Employer	\$ 143,777	\$ 209,357
Contributions - Employee (paid by employer)	60,173	133,550
Contributions - State On-Behalf Payments	<u>-</u>	<u>127,498</u>
Total	<u>\$ 203,950</u>	<u>\$ 470,405</u>

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

As of June 30, 2019, the ROP reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 1,871,753
CalSTRS	<u>2,509,061</u>
Total Net Pension Liability	<u>\$ 4,380,814</u>

The ROP's net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2019. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2019. The ROP's proportionate share of the net pension liability was based on a projection of the ROP's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

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For the year ended June 30, 2019, the ROP recognized pension expense of \$296,596. At June 30, 2019, the ROP 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	\$ 529,576	\$ -
Differences between actual and expected experience	130,486	36,446
Changes in assumptions	576,675	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	15,353	96,615
Total	<u>\$ 1,252,090</u>	<u>\$ 133,061</u>

\$529,576 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	
2020	\$ 283,945
2021	198,648
2022	(14,107)
2023	42,170
2024	79,227
Thereafter	<u>(430)</u>
Total	<u>\$ 589,453</u>

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Actuarial Assumptions

The total pension liabilities in the June 30, 2018, actuarial valuations were determined using the following actuarial assumptions:

	<u>CalPERS</u>	<u>CalSTRS</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.50%
Projected Salary Increase	Varies *	Varies *
Investment Rate of Return	7.15% #	7.25% #
Mortality	Varies &	Varies &

* Depending on age, service and type of employment

Net of pension plan investment expenses, including inflation

& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for CalPERS and 7.10% for CalSTRS. To determine whether the ROP bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the ROP bond rate calculation is not necessary for either plan.

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

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

CalPERS and CalSTRS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalPERS and CalSTRS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2018-19 fiscal year. CalPERS and CalSTRS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

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

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

* 20-year average

Asset Class	CalPERS		
	Assumed Asset Allocation	Real Return (Years 1-10) *	Real Return (Years 11+) #
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

* An expected inflation of 2.00% used for this period

An expected inflation of 2.92% used for this period

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Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>CalPERS</u>	<u>CalSTRS</u>
1% Decrease	6.15%	6.10%
Net Pension Liability	\$ 2,725,183	\$ 3,675,481
Current Discount Rate	7.15%	7.10%
Net Pension Liability	\$ 1,871,753	\$ 2,509,061
1% Increase	8.15%	8.10%
Net Pension Liability	\$ 1,163,711	\$ 1,541,986

Pension Plan Fiduciary Net Position

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

7. JOINT POWERS AGREEMENTS

The La Puente Valley Regional Occupational Program participates in two joint venture under joint powers agreements (JPAs) the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and The School Employers Association of California (SEAC). The relationship between the La Puente Valley Regional Occupational Program and the JPA's is such that the JPA's are not a component unit of the La Puente Valley Regional Occupational Program for financial reporting purposes.

The JPA's have budgeting and financial reporting requirements independent of member units and financial statements and fund transactions between the entity and the La Puente Valley Regional Occupational Program are included in these statements.

Alliance of Schools for Cooperative Insurance Programs (ASCIP)

Purpose: Arrange for and provide property and liability insurance for its members.

Participants: Other governmental agencies.

Governing Board: A representative from each member.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The School Employers Association of California (SEAC)

Purpose: Provide programs and services in the field of employer-employee relations.

Participants: Other governmental agencies.

Governing Board: A representative from each member.

Condensed financial information of the JPA is as follows:

	ASCIP June 30, 2018 Audited	SEAC June 30, 2018 Unaudited
Total Assets	\$ 182,641,670	\$ 201,715
Total Liabilities	130,657,560	38,931
Net Position	<u>\$ 51,984,110</u>	<u>\$ 162,784</u>
Total Revenues	\$ 61,059,410	\$ 597,621
Total Expenditures	<u>63,774,936</u>	<u>616,326</u>
Net Increase (Decrease) in Net Position	<u>\$ (2,715,526)</u>	<u>\$ (18,705)</u>

8. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The ROP has received State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the ROP may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

There are currently no claims or litigation involving the ROP.

C. Construction Commitments

As of June 30, 2019, the ROP had no construction commitments.

9. SUBSEQUENT EVENT

Pursuant to an MOU (Memorandum of Understanding) dated February 28, 2019 approved by the Participating Districts and approved by the Joint Board of Trustees of La Puente Valley Regional Occupational Program on April 17, 2019, the Joint Board Agreement which established the La Puente Regional Occupational Program will terminate effective June 30, 2019 and the ROP will close and dissolve at midnight on June 30, 2019.

The term of the MOU shall be from July 1, 2019 through June 30, 2023. The ending fund balance will be distributed as follows: Bassett USD 16%, Hacienda La Puente USD 42%, Rowland USD 42%.

Required Supplementary
Information

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Final Budget Positive-(Negative)</u>
<u>REVENUES</u>				
Other State Revenues	\$ -	\$ -	\$ 450,058	\$ 450,058
Other Local Revenues	<u>2,834,707</u>	<u>1,379,974</u>	<u>124,742</u>	<u>(1,255,232)</u>
Total Revenues	<u>2,834,707</u>	<u>1,379,974</u>	<u>574,800</u>	<u>(805,174)</u>
<u>EXPENDITURES</u>				
Certificated Salaries	1,559,963	684,806	920,792	(235,986)
Classified Salaries	759,071	594,076	531,559	62,517
Employee Benefits	884,325	665,322	841,026	(175,704)
Books and Supplies	138,000	138,000	91,625	46,375
Services and Other Operating Expenditures	423,261	441,266	441,264	2
Capital Outlay	<u>23,120</u>	<u>179,790</u>	<u>179,789</u>	<u>1</u>
Total Expenditures	<u>3,787,740</u>	<u>2,703,260</u>	<u>3,006,055</u>	<u>(302,795)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (953,033)</u>	<u>\$ (1,323,286)</u>	<u>\$ (2,431,255)</u>	<u>\$ (1,107,969)</u>
<u>FUND BALANCE - JULY 1, 2018</u>			<u>4,491,839</u>	
<u>FUND BALANCE - JUNE 30, 2019</u>			<u>\$ 2,060,584</u>	

See accompanying Notes to Required Supplementary Information.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
SCHEDULE OF THE ROP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	CalPERS				
	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.00702%	0.00769%	0.00702%	0.00715%	0.00677%
District's proportionate share of the net pension liability	\$ 1,871,753	\$ 1,835,806	\$ 1,386,454	\$ 1,053,917	\$ 768,560
District's covered-employee payroll	\$ 925,742	\$ 980,444	\$ 842,281	\$ 791,131	\$ 710,260
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	202.19%	187.24%	164.61%	133.22%	108.21%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.87%	73.90%	79.43%	83.38%

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

See accompanying Notes to Required Supplementary Information.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
SCHEDULE OF THE ROP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALSTRS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	CalSTRS				
	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.00273%	0.00287%	0.00336%	0.00329%	0.00338%
District's proportionate share of the net pension liability	\$ 2,509,061	\$ 2,654,176	\$ 2,717,602	\$ 214,960	\$ 1,975,171
State's proportionate share of the net pension liability associated with the District	913,524	986,557	985,946	766,221	743,652
Total	<u>\$ 3,422,585</u>	<u>\$ 3,640,733</u>	<u>\$ 3,703,548</u>	<u>\$ 981,181</u>	<u>\$ 2,718,823</u>
District's covered-employee payroll	\$ 1,450,845	\$ 1,518,871	\$ 1,669,040	\$ 1,519,842	\$ 1,495,721
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.94%	174.75%	162.82%	145.74%	132.05%
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.46%	70.04%	74.02%	76.52%

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

See accompanying Notes to Required Supplementary Information.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
SCHEDULE OF ROP CONTRIBUTIONS
CALPERS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	CalPERS				
	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 136,372	\$ 145,095	\$ 135,254	\$ 99,785	\$ 93,124
Contributions in relation to the contractually required contribution	136,372	145,095	135,254	99,785	93,124
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 733,104	\$ 934,228	\$ 973,889	\$ 842,281	\$ 791,131
Contributions as a percentage of covered- employee payroll	18.602%	15.531%	13.888%	11.847%	11.771%

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

See accompanying Notes to Required Supplementary Information.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
SCHEDULE OF ROP CONTRIBUTIONS
CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	CalSTRS				
	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 101,092	\$ 230,412	\$ 198,359	\$ 179,088	\$ 134,962
Contributions in relation to the contractually required contribution	101,092	230,412	198,359	179,088	134,962
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 620,958	\$ 1,596,757	\$ 1,576,781	\$ 1,669,040	\$ 1,519,842
Contributions as a percentage of covered- employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

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

See accompanying Notes to Required Supplementary Information.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2019, expenditures exceeded appropriations in individual funds as follows:

General Fund:

Certificated Salaries	\$ 235,986
Employee Benefits	175,704

2. PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

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

Schedule of Proportionate Share of the Net Pension Liability

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

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

Schedule of Pension Contributions

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

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

3. SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Benefit Changes - PERS

There were not changes to benefit terms that applied to all members of the Schools Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Serve Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions - PERS

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Changes of Assumptions - STRS

The investment return assumption was reduced from 7.50 percent in the 2015 valuation, to 7.25 percent in the 2016 valuation, and then to 7.00 percent for the 2017 valuation.

Supplementary Information

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BALANCE JULY 1, 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2019
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 3,586	\$ -	\$ 3,586	\$ -
TOTAL ASSETS	<u>\$ 3,586</u>	<u>\$ -</u>	<u>\$ 3,586</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Due to Student Groups				
General ASB Accounts	\$ 3,586	\$ -	\$ 3,586	\$ -
TOTAL LIABILITIES	<u>\$ 3,586</u>	<u>\$ -</u>	<u>\$ 3,586</u>	<u>\$ -</u>

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
JOINT BOARD OF TRUSTEES AND ORGANIZATION
 JUNE 30, 2019

JOINT BOARD OF TRUSTEES

<u>MEMBER</u>	<u>PARTICIPATING DISTRICT</u>	<u>OFFICE</u>
Donna Freedman	Rowland Unified School District	President
Martin Medrano	Hacienda La Puente Unified School District	Vice President
Armando Barajas	Bassett Unified School District	Clerk
Angelena Pride	Rowland Unified School District	Member
Anthony Duarte	Hacienda La Puente Unified School District	Member
Paul Solano	Bassett Unified School District	Member

ADMINISTRATION

Maura Murabito	Superintendent
John Howing	Director of Fiscal Services
Vacant/No Replacement	Director of Human Resources

ORGANIZATION

The La Puente Valley Regional Occupational Program was established in 1971, under a joint powers agreement for the purpose of providing occupational training for the following Los Angeles County school districts: Bassett Unified School District, Hacienda La Puente Unified School District and Rowland Unified School District. The program is designed to serve residents of these three districts by providing entry-level career preparation, retraining, and upgrading of skill.

The Program is designed to serve the occupational needs of youths in its service area by combining the school districts' resources and talents with occupational education that meet the demand of business and industry. The Program is conducted in a variety of physical facilities throughout its service area, including the high schools of the participant districts and various commercial and industrial locations.

Pursuant to an MOU (Memorandum of Understanding) dated February 28, 2019 approved by the Participating Districts and approved by the Joint Board of Trustees of La Puente Valley Regional Occupational Program on April 17, 2019, the Joint Board Agreement which established the La Puente Regional Occupational Program will terminate effective June 30, 2019 and the ROP will close and dissolve at midnight on June 30, 2019.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT FORM WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

There were no adjustments for 2018-19.

See accompanying Notes to Supplementary Information.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

1. PURPOSE OF SCHEDULES

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

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of General Long-Term Debt as reported on the Annual Form to the audited financial statements.



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CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Joint Board of Trustees
La Puente Valley Regional Occupational Program
La Puente, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Puente Valley Regional Occupational Program, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise La Puente Valley ROP's basic financial statements, and have issued our report thereon dated November 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered La Puente Valley Regional Occupational Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Puente Valley Regional Occupational Program's internal control. Accordingly, we do not express an opinion on the effectiveness of La Puente Valley Regional Occupational Program'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.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

San Bernardino, California
November 6, 2019



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CPA

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Joint Board of Trustees
La Puente Valley Regional Occupational Program
La Puente, California

Report On State Compliance

We have audited the La Puente Valley Regional Occupational Program's (ROP's) compliance with the types of compliance requirements described in the *2018-19 Guide for Annual of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the ROP's state programs identified below for fiscal year ended June 30, 2019.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *2018-19 Guide for Annual of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the ROP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the ROP's compliance with those requirements.

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

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Accountants

Local Education Agencies Other Than Charter Schools:

Attendance
Teacher Certification and Misassignments
Kindergarten Continuance
Independent Study
Continuation Education

Procedures
Performed

Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable

	Procedures Performed
Instructional Time	Not Applicable
Instructional Materials	Not Applicable
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	No (See Below)
Gann Limit Calculation	Not Applicable
School Accountability Report Card	Not Applicable
Juvenile Court Schools	Not Applicable
Middle or Early College High School	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Not Applicable
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Not Applicable
Unduplicated Local Control Funding Formula Pupil Counts	Not Applicable
Local Control and Accountability Plan	Not Applicable
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not test the Early Retirement Incentive Program because the ROP did not participate in the program.

Opinion on State Compliance

In our opinion, La Puente Valley Regional Occupational Program complied, in all respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2019.

Jeanette L Garcia + Associates

San Bernardino, California
November 6, 2019

Findings and Recommendations

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Not Applicable
Significant deficiencies identified?	Not Applicable
Type of auditor's report issued on compliance for major programs:	None (did not require Single Audit)
Any audit findings disclosed that are required to be reported in accordance with Title 2, CFR Part 200?	☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	N/A

Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
Auditee qualified as low-risk auditee?	Not Applicable

State Awards

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

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

None Reported.

LA PUENTE VALLEY REGIONAL OCCUPATIONAL PROGRAM
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prior Year Findings and Recommendations:

There were no findings in 2017/18.