LAS VIRGENES UNIFIED SCHOOL DISTRICT

LOS ANGELES COUNTY

AUDIT REPORT

For the Fiscal Year Ended June 30, 2020

NIGRO & NIGRO PC

LAS VIRGENES UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2020
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INDEPENDENT AUDITORS' REPORT

Board of Education
Las Virgenes Unified School District
Calabasas, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Las Virgenes Unified School District, as of and for the fiscal 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.

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-20 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 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, the business-type activities, each major fund, and the aggregate remaining fund information of Las Virgenes Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
www.nncpas.com • *Licensed by the California Board of Accountancy*

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information 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 District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 70 to 72 and the schedule of expenditures of federal awards on page 74 and the three-year summary of revenues, expenditures, and changes in fund balance on page 75 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 69 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 8, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
December 8, 2020

This discussion and analysis of Las Virgenes Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's combined fund balances decreased by $4.9 million, primarily due to spending from the Building Fund on bond measure projects.
- The District's overall financial status declined from last year, as the net position decreased by 11.3% to $(57.1) million for governmental activities. This change is primarily due to increased deferred inflows related to pensions.
- The total cost of basic programs was $142.2 million. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was $133.1 million.
- Average daily attendance decreased by 257 or 2.4%.
- Reserves for the General Fund decreased by $1.4 million, or 6.7%. Revenues were $127.6 million and expenditures were $128.6 million.

NET PENSION LIABILITY

The implementation of GASB 68 during the 2014-15 fiscal year has caused the District to record a liability, deferred inflows and deferred outflows, in the District-wide financial statements. These items are related to the CalSTRS and CalPERS pension plans, which the District is required to participate. As a participating employer in these pension plans, the District must now report its proportionate share of the plans' unfunded liabilities. However, the District's required contributions to the plans are not determined by the District. Rather, the contributions are set by legislation or the pension plan itself. The proportionate share percentage is determined by comparing the District's contributions to the plan against total plan contributions. This liability is described further in Note 8 to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

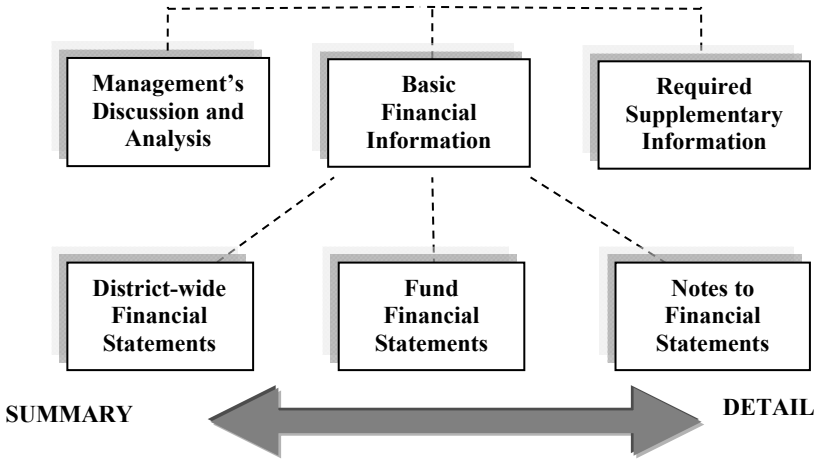
This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Las Virgenes Unified School District's Annual Financial Report



The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements
The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

- *Proprietary funds* – Proprietary funds use full accrual basis of accounting. Enterprise funds are considered business-type activities and are reported under a full accrual method. This is the same basis as business-type activities; therefore, no reconciling entries are required.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2020, than it was the year before – decreasing 11.3% to $57.1 million. The net position for business-type activities decreased 47.1% (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase	Business-Type Activities	
	2020	2019	(Decrease)	2020	2019
Current assets	$ 76,203,101	$ 81,897,900	$ (5,694,799)	$ 453,125	$ 679,934
Capital assets, net of depreciation	202,410,335	205,245,970	(2,835,635)	115,946	123,838
Total assets	278,613,436	287,143,870	(8,530,434)	569,071	803,772
Total deferred outflows	2,699,650	2,846,043	(146,393)	-	-
Current liabilities	11,897,405	12,794,488	(897,083)	241,102	183,593
Long-term liabilities	217,924,635	228,175,216	(10,250,581)	-	-
Net pension liability	128,195,073	126,636,676	1,558,397	-	-
Total liabilities	358,017,113	367,606,380	(9,589,267)	241,102	183,593
Total deferred inflows	2,166,276	805,596	1,360,680	-	-
Net position					
Net investment in capital assets	71,230,299	68,967,217	2,263,082	115,946	123,838
Restricted	33,228,188	31,901,108	1,327,080	212,023	496,341
Unrestricted	(55,133,717)	(52,653,712)	(2,480,005)	-	-
Total net position, before net pension liability	49,324,770	48,214,613	1,110,157	$ 327,969	$ 620,179
Amounts related to the net pension liability					
Deferred outflows	32,720,109	32,849,628	(129,519)		
Net pension liability	(128,195,073)	(126,636,676)	(1,558,397)		
Deferred inflows	(10,971,456)	(5,759,294)	(5,212,162)		
Total net position	$ (57,121,650)	$ (51,331,729)	$ (5,789,921)		

Changes in net position, governmental activities. The District's total revenues decreased 0.7% to $136.4 million (See Table A-2). The decrease is due primarily to decreased federal and state aid. Business-type revenue decreased 16.6% due to lower food services sales resulting from the COVID closures.

The total cost of all programs and services increased 0.1% to $142.2 million. The District's expenses are predominantly related to educating and caring for students, 76.7%. The purely administrative activities of the District accounted for just 7.3% of total costs. Overall costs remained consistent; increased instructional related spending was offset by a decrease in spending on plant services and other miscellaneous activities. Business-type expenses also remained relatively consistent, decreasing only 2.1%.

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase	Business-Type Activities	
	2020	2019	(Decrease)	2020	2019
Revenues					
Program Revenues:					
Charges for services	$ 742,827	$ 904,628	$ (161,801)	$ 1,157,639	$ 1,491,078
Operating grants and contributions	8,403,851	8,943,188	(539,337)	496,004	488,391
General Revenues:					
Property taxes	76,273,894	74,021,368	2,252,526	-	-
Federal and state aid not restricted	44,919,348	46,226,865	(1,307,517)	-	-
Other general revenues	6,102,402	7,242,869	(1,140,467)	5,979	11,313
Total Revenues	136,442,322	137,338,918	(896,596)	1,659,622	1,990,782
Expenses					
Instruction-related	99,546,451	97,365,453	2,180,998	-	-
Pupil services	9,486,221	8,862,910	623,311	-	-
Administration	10,407,870	10,201,601	206,269	-	-
Plant services	11,349,371	12,636,761	(1,287,390)	-	-
All other activities	11,442,330	13,005,625	(1,563,295)	1,951,832	1,994,615
Total Expenses	142,232,243	142,072,350	159,893	1,951,832	1,994,615
Increase (decrease) in net position	$ (5,789,921)	$ (4,733,432)	$ (1,056,489)	$ (292,210)	$ (3,833)
Total Net Position	$ (57,121,650)	$ (51,331,729)	$ (5,789,921)	$ 327,969	$ 620,179

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $63.8 million, which is below last year's ending fund balance of $68.7 million. The primary cause of the decreased fund balance is spending down the Building Fund on Capital Projects.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2019	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2020
Fund					
General Fund	$ 29,679,171	$ 127,589,435	$ 128,616,093	$ (1,000,000)	$ 27,652,513
Deferred Maintenance Fund	673,771	16,460	461,443	1,000,000	1,228,788
Building Fund	9,874,304	236,445	4,766,695	-	5,344,054
Capital Facilities Fund	8,527,403	763,117	862,883	-	8,427,637
Bond Interest and Redemption Fund	19,944,331	20,265,145	19,072,467	-	21,137,009
	$ 68,698,980	$ 148,870,602	$ 153,779,581	$ -	$ 63,790,001

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues increased by $2.7 million primarily due to revised state budget estimates.
- Salaries and benefits costs remained consistent.
- Non-payroll costs decreased by $0.9 million due to revised estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $4.4 million, the actual results for the year show that expenditures exceeded revenues by roughly $1.0 million. Actual revenues were $1.6 million less than anticipated, and expenditures were $5.8 million less than budgeted.

The variance between budgeted and actual expenditure amounts consists primarily of restricted categorical program dollars that were not spent as of June 30, 2020, that will be carried over into the 2020-21 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2019-20, the District had invested $6.1 million in new capital assets, related to the District's facility program. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year approximated $8.7 million.

Table A-4: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities		Variance Increase (Decrease)
	2020	**2019**	
Land	$ 14,853,507	$ 14,853,507	$ -
Land improvements	3,764,029	3,779,434	(15,405)
Buildings	181,778,255	180,352,414	1,425,841
Equipment	1,679,060	1,875,345	(196,285)
Construction in progress	335,484	4,385,270	(4,049,786)
Total	$ 202,410,335	$ 205,245,970	$ (2,835,635)

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end the District had approximately $217.9 million in long term debt other than pensions – a decrease of 4.5% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase
	2020	2019	(Decrease)
General obligation bonds	$ 179,394,789	$ 188,847,530	$ (9,452,741)
Certificates of participation	9,969,276	10,405,193	(435,917)
Compensated absences	967,840	1,020,846	(53,006)
Early retirement incentive	20,508	127,221	(106,713)
Other postemployment benefits	27,572,222	27,774,426	(202,204)
Total	$ 217,924,635	$ 228,175,216	$ (10,250,581)

Net pension liability increased during the year by $1.6 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State Legislature passed a final budget package on June 26, 2020. The final budget package assumed that $2 billion in federal funds would be forthcoming and took the Governor's approach in the May Revision to make other spending reductions contingent on other federal money. In addition, relative to the June 15 initial package, the final package made several changes, including increasing school deferrals by $3.5 billion (assuming no federal money is forthcoming), increasing revenue assumptions by more than $1 billion, and eliminating the plan to reinstate General Fund payment deferrals. The Governor signed the 2020-21 Budget Act and related budget legislation on June 29, 2020.

Proposition 98

Proposition 98 Establishes Minimum Funding Level for Schools and Community Colleges

This minimum funding requirement is commonly called the minimum guarantee. The state calculates the minimum guarantee by comparing three main formulas or "tests". Each test takes into account certain inputs, such as state General Fund revenue, per capita personal income, and K-12 student attendance. The state can choose to fund at the minimum guarantee or any level above it. It also can suspend the guarantee with a two-thirds vote of each house of the Legislature, allowing the state to provide less funding than the formulas require that year. The state meets the guarantee through a combination of state General Fund and local property tax revenue.

Minimum Funding Requirement Down Significantly in 2019-20 and 2020-21

Estimates of the minimum guarantee under the June 2020 budget plan have dropped significantly compared with June 2019 estimates. For 2019-20, the minimum requirement is down $3.4 billion (4.2 percent). For 2020-21, the minimum requirement is down $6.8 billion (8.7 percent) from the revised 2019-20 level and $10.2 billion (12.5 percent) from the 2019-20 level estimated in June 2019. These drops mainly reflect reductions in state General Fund revenue. Test 1 remains operative in both years, with the drop in the General Fund portion of the guarantee equal to nearly 40 percent of the drop in revenues. The local property tax portion of the guarantee, by contrast, grows slowly from 2019-20 to 2020-21.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

Budget Plan Implements Significant Payment Deferrals
In both 2019-20 and 2020-21, the budget plan reduces school and community college funding to the lower minimum requirement. It implements these reductions primarily by deferring $12.5 billion in payments. (When the state defers payments from one fiscal year to the next, the state can reduce spending while allowing school districts to maintain programs by borrowing or using cash reserves.) Of the $12.5 billion, $11 billion applies to K-12 schools and $1.5 billion applies to community colleges. Although the budget plan authorized the Department of Finance to rescind up to $6.6 billion of the deferrals if the state received additional federal funding by October 15, 2020, Congress did not approve any additional funds prior to this deadline.

Makes a Few Other Spending Adjustments
In addition to the deferrals, the budget plan makes a few other adjustments to school and community college funding. Most notably, it does not provide the 2.31 percent statutory cost-of-living adjustment for school and community college programs in 2020-21. The budget plan also uses $833 million in one-time funds to cover costs for the K-12 Local Control Funding Formula (LCFF) and community college apportionments in 2019-20 and 2020-21. These one-time funds consist of $426 million in unspent prior-year funds and a $407 million settle-up payment. In addition, the budget plan withdraws the entire $377 million the state deposited into the Proposition 98 Reserve in the fall of 2019. (Formulas in the State Constitution govern Proposition 98 Reserve deposits and withdrawals.) Finally, the budget plan obtains $240 million in savings ($110 million in 2019-20 and $130 million in 2020-21) from eliminating unallocated State Preschool slots.

Creates Supplemental Obligation to Increase Funding Beginning in 2021-22
This obligation has two parts. First, it requires the state to make temporary payments on top of the Proposition 98 guarantee beginning in 2021-22. Each payment will equal 1.5 percent of annual General Fund revenue. The state can allocate these payments for any school or community college purpose. Payments will continue until the state has paid $12.4 billion—the amount of funding schools and community colleges could have received under Proposition 98 if state revenues had continued to grow. (Technically, the obligation equals the total difference between the Test 1 and Test 2 funding levels in 2019-20 and 2020-21.) Second, the obligation requires the state to increase the minimum share of General Fund revenue allocated to schools and community colleges from 38 percent to 40 percent on an ongoing basis. This increase is set to phase in over the 2022-23 and 2023-24 fiscal years.

K-12 Education

Proposition 98 Funding Decreases 12 Percent
The budget package includes $62.5 billion in Proposition 98 funding for K-12 education in 2020-21—$8.7 billion (12.2 percent) less than the 2019-20 Budget Act level.

Defers $11 Billion in K-12 Payments, Allows Exemptions in Limited Circumstances
The state distributes funding for LCFF and special education following a monthly payment schedule established in law. The budget plan modifies this schedule in 2019-20 to defer $1.9 billion in payments to the following fiscal year. In 2020-21, the budget plan maintains these deferrals and adopts $9.1 billion in additional deferrals. Under the modified schedule, portions of the payments otherwise scheduled for the months of February through June will be paid over the July through November period. The total amount deferred equates to about 16 percent of all state and local funding schools receive for LCFF and special education, or 24 percent of the General Fund allocated for these programs. If a district or charter school can demonstrate it would be unable to meet its financial obligations because of the deferrals, and has exhausted all other sources of internal and external borrowing, it can apply for an exemption. The law allows the Department of Finance, State Controller, and State Treasurer to authorize up to $300 million in deferral exemptions per month. If these exemption requests exceed the funding available, the earliest applications will be approved first.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education (continued)

Addresses Historically Low-Funded Special Education Regions
Most state special education funding is provided to Special Education Local Plan Areas (SELPAs) based on total student attendance within the area. (Most SELPAs are regional collaborations of neighboring districts, county offices of education [COEs], and charter schools, though some consist of only a single large district.) Each SELPA receives a unique per-student rate linked to certain historical factors. In 2019-20, these per-student rates varied from $557 to more than $900. The budget provides $545 million to bring low-funded SELPAs to a new rate of $625 per student. This rate is roughly equivalent to the 93rd percentile of current rates.

Allocates $6.4 Billion in One-Time Federal Funding
The budget package allocates $6.4 billion in one-time federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding for K-12 education. The majority of funding ($4.8 billion) is provided for learning loss mitigation. The budget also includes $1.5 billion that can be used for a variety of activities and is distributed based on counts of low-income and disadvantaged children. The remaining funds are used to provide higher reimbursement rates for some school meals, create a competitive grant program for implementing the community schools model, and cover state costs of allocating and overseeing how CARES Act funds are spent.

Funds Learning Loss Mitigation Activities
The budget package provides $5.3 billion in one-time funding for activities mitigating learning loss due to coronavirus disease 2019 (COVID-19) school closures. This amount consists of $4.4 billion from the federal Coronavirus Relief Fund, $540 million Proposition 98 General Fund, and $355 million from the federal Governor's Emergency Education Relief Fund. Allocations from the Coronavirus Relief Fund can be used to cover eligible costs incurred between March 1, 2020 and December 30, 2020, while the remainder of the funding covers costs incurred between March 13, 2020 and September 30, 2022. Allowable activities include expanding learning supports, increasing instructional time, offering additional academic services (such as diagnostic assessments and devices and connectivity for distance learning), and addressing other barriers to learning (such as mental health services, professional development for teachers and parents, and student meals). Of this funding, $2.9 billion is to be allocated based on LCFF supplemental and concentration grants, $1.5 billion based on the number of students with disabilities, and $980 million based on total LCFF allocation.

Funds Schools Based on 2019-20 Attendance Levels, Allows Growth Under Certain Conditions
For funding purposes, the state ordinarily credits school districts with their average daily attendance in the current or prior year, whichever is higher. Charter schools and COEs are funded according to their attendance in the current year only. In 2020-21, however, the state will not collect average daily attendance data. Instead, districts, charter schools, and COEs will be funded according to their 2019-20 attendance levels unless they had previously budgeted for attendance growth. Any attendance growth for a district or charter school is limited to the lower of its (1) previously projected increase in enrollment or attendance, as documented in its budget, or (2) actual increase in enrollment from October 2019 to October 2020. (For this calculation, enrollment numbers are converted to an equivalent amount of average daily attendance by adjusting them for the statewide average absence rate.) The trailer legislation also allows a few other attendance-related adjustments. Most notably, if a charter school closes during the 2020-21 school year, the attendance it previously generated will be credited to its sponsoring school district.

Modifies Instructional Requirements to Allow for Distance Learning
The budget package suspends requirements for annual instructional minutes for 2020-21 to provide additional flexibility to schools and allows minimum instructional day requirements be met through a combination of in-person instruction and distance learning. The budget package also sets expectations for distance learning.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education (continued)

Modifies Instructional Requirements to Allow for Distance Learning (continued)
Among other specified activities, distance learning must be substantially equivalent to in-person instruction; include daily live interaction between teachers and students; and provide appropriate supports to students with disabilities, English learners, and other student subgroups.

Includes Additional Fiscal Flexibility in a Few Areas
Budget trailer legislation includes several changes to provide more spending flexibility for school districts:

- For the purposes of calculating minimum routine maintenance deposits, excludes one-time funding for state pension payments on behalf of school districts, learning loss mitigation funds, and federal Elementary and Secondary School Emergency Relief funds. Typically, school districts receiving funding from the state's School Facility Program are required to establish a restricted account for routine maintenance of school facilities and deposit 3 percent of the district's annual expenditures.

- Allows for proceeds from the sale or lease of surplus property purchased entirely with local funds to be used for one-time general fund purposes through 2023-24.

- For the purpose of spending restricted lottery revenues, permanently expands the definition of instructional materials to also include laptop computers and devices that provide internet access. Schools and community colleges receive about $450 million in lottery revenues annually that must be spent on instructional materials.

- Allows the California Department of Education (CDE) to waive several programmatic requirements for the After School Education and Safety program.

Repurposes Prior Pension Payment to Reduce District Costs Over the Next Two Years
School district pension costs have been rising relatively quickly over the past several years. To help mitigate future cost increases, the 2019-20 budget plan included $2.3 billion non-Proposition 98 General Fund to make a supplemental pension payment on behalf of schools and community colleges. Of this amount, $1.6 billion was for the California State Teachers' Retirement System and $660 million was for the California Public Employees' Retirement System. (Nearly all school employees are covered by one of these two pension systems.) At the time, the state estimated that the supplemental payment could reduce district pension costs by roughly 0.3 percent of annual pay over the next few decades. The 2020-21 budget plan repurposes this payment to reduce pension costs by a larger amount over the next two years. Specifically, districts will receive cost savings of approximately 2.2 percent of pay in 2020-21 and 2021-22, but will not experience savings over the following decades.

All of these factors were considered in preparing the Las Virgenes Unified School District budget for the 2020-21 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karen Kimmel, Assistant Superintendent of Business Services, at Las Virgenes Unified School District, 4111 N. Las Virgenes Road, Calabasas, California, 91302 or by calling (818) 878-5203.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Deposits and investments	$ 66,658,650	$ 336,395	$ 66,995,045
Accounts receivable	9,069,150	69,962	9,139,112
Inventories	237,612	46,768	284,380
Prepaid expenses	237,689	-	237,689
Non-depreciable assets	15,188,991	-	15,188,991
Depreciable assets	317,594,456	578,724	318,173,180
Less, accumulated depreciation	(130,373,112)	(462,778)	(130,835,890)
Total assets	278,613,436	569,071	279,182,507
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	1,467,622	-	1,467,622
Deferred outflows of resources related to pensions	32,720,109	-	32,720,109
Deferred outflow of resources OPEB	1,232,028	-	1,232,028
Total deferred outflows	35,419,759	-	35,419,759
LIABILITIES			
Accounts payable	10,510,202	241,102	10,751,304
Unearned revenue	1,387,203	-	1,387,203
Long-term liabilities other than pensions:			
Portion due or payable within one year	17,097,642	-	17,097,642
Portion due or payable after one year	200,826,993	-	200,826,993
Net pension liability	128,195,073	-	128,195,073
Total liabilities	358,017,113	241,102	358,258,215
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	10,971,456	-	10,971,456
Deferred inflow of resources OPEB	2,166,276	-	2,166,276
Total deferred inflows	13,137,732	-	13,137,732
NET POSITON			
Net investment in capital assets	71,230,299	115,946	71,346,245
Restricted for:			
Capital projects	9,656,425	-	9,656,425
Debt service	21,137,009	-	21,137,009
Educational programs	1,294,195	-	1,294,195
Nutritional services	-	212,023	212,023
Self insurance	1,140,559	-	1,140,559
Unrestricted	(161,580,137)	-	(161,580,137)
Total net position	$ (57,121,650)	$ 327,969	$ (56,793,681)

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:						
Instructional Services:						
Instruction	$ 85,972,711	$ 106,319	$ 3,423,151	$ (82,443,241)	$ -	$ (82,443,241)
Instruction-Related Services:						
Supervision of instruction	2,737,580	5,425	438,729	(2,293,426)	-	(2,293,426)
Instructional library, media and technology	696,922	-	(10,614)	(707,536)	-	(707,536)
School site administration	10,139,238	15,763	(197,785)	(10,321,260)	-	(10,321,260)
Pupil Support Services:						
Home-to-school transportation	1,969,750	6,388	341,715	(1,621,647)	-	(1,621,647)
Food services	184,608	-	-	(184,608)	-	(184,608)
All other pupil services	7,331,863	18,496	956,149	(6,357,218)	-	(6,357,218)
General Administration Services:						
Data processing services	2,812,266	889	3,597	(2,807,780)	-	(2,807,780)
Other general administration	7,595,604	14,757	811,782	(6,769,065)	-	(6,769,065)
Plant services	11,349,371	4,537	170,516	(11,174,318)	-	(11,174,318)
Ancillary services	888,668	-	(2,455)	(891,123)	-	(891,123)
Interest on long-term debt	9,913,277	-	-	(9,913,277)	-	(9,913,277)
Other outgo	640,385	570,253	2,469,066	2,398,934	-	2,398,934
Total Governmental Activities	142,232,243	742,827	8,403,851	(133,085,565)	-	(133,085,565)
Business-Type Activities:						
Food Services	1,951,832	1,157,639	496,004	-	(298,189)	(298,189)
Total Business-Type Activities	1,951,832	1,157,639	496,004	-	(298,189)	(298,189)
Total	$ 144,184,075	$ 1,900,466	$ 8,899,855	(133,085,565)	(298,189)	(133,383,754)
	General Revenues:					
	Property taxes			76,273,894	-	76,273,894
	Federal and state aid not restricted to specific purpose			44,919,348	-	44,919,348
	Interest and investment earnings			481,647	5,979	487,626
	Miscellaneous			5,620,755	-	5,620,755
	Total general revenues			127,295,644	5,979	127,301,623
	Change in net position			(5,789,921)	(292,210)	(6,082,131)
				(51,331,729)	620,179	(50,711,550)
				$ (57,121,650)	$ 327,969	$ (56,793,681)

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS						
Deposits and investments	$ 28,231,915	$ 6,434,888	$ 8,420,280	$ 21,137,009	$ 1,296,993	$ 65,521,085
Accounts receivable	8,540,288	18,974	24,085	-	2,535	8,585,882
Inventories	237,612	-	-	-	-	237,612
Prepaid expenditures	237,689	-	-	-	-	237,689
Total Assets	$ 37,247,504	$ 6,453,862	$ 8,444,365	$ 21,137,009	$ 1,299,528	$ 74,582,268
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 8,207,788	$ 1,109,808	$ 16,728	$ -	$ 70,740	$ 9,405,064
Unearned revenue	1,387,203	-	-	-	-	1,387,203
Total Liabilities	9,594,991	1,109,808	16,728	-	70,740	10,792,267
Fund Balances						
Nonspendable	501,901	-	-	-	-	501,901
Restricted	1,294,195	5,344,054	8,427,637	21,137,009	1,228,788	37,431,683
Committed	3,044,238	-	-	-	-	3,044,238
Assigned	322,085	-	-	-	-	322,085
Unassigned	22,490,094	-	-	-	-	22,490,094
Total Fund Balances	27,652,513	5,344,054	8,427,637	21,137,009	1,228,788	63,790,001
Total Liabilities and Fund Balances	$ 37,247,504	$ 6,453,862	$ 8,444,365	$ 21,137,009	$ 1,299,528	$ 74,582,268

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds			$ 63,790,001
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
	Capital assets at historical cost:	332,783,447	
	Accumulated depreciation:	(130,373,112)	
	Net:		202,410,335
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The net OPEB liability at the end of the period was:			(27,572,222)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(1,105,138)
In governmental funds, interest subsidies received from Build America Bonds (BABs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The federal interest subsidies included in accounts receivable in the government-wide statements were:			
In the government-wide statements funds deferred amounts on refunding are recognized as a deferred outflow of resources and amortized over the life of the defeased debt. Unamortized deferred amounts included on the statement of net position are:			1,467,622
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	General obligation bonds payable	179,394,789	
	Certificates of participation payable	9,969,276	
	Compensated absences payable	967,840	
	Supplementary retirement plan	20,508	(190,352,413)
In governmental funds, deferred outflows and inflows of resources relating to pension and other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported. The deferred inflows and outflows for the period were:			
	Deferred outflows of resources	33,952,137	
	Deferred inflows of resources	(13,137,732)	20,814,405
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements			(128,195,073)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service fund is:			1,140,559
Total net position - governmental activities			$ (57,121,650)

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total Governmental Funds
REVENUES						
LCFF sources	$ 97,019,409	$ -	$ -	$ -	$ -	$ 97,019,409
Federal sources	2,949,359	-	-	1,158,658	-	4,108,017
Other state sources	17,636,930	-	-	64,948	-	17,701,878
Other local sources	9,983,737	236,445	763,117	19,041,539	16,460	30,041,298
Total Revenues	127,589,435	236,445	763,117	20,265,145	16,460	148,870,602
EXPENDITURES						
Current:						
Instruction	84,157,757	-	-	-	-	84,157,757
Instruction-Related Services:						
Supervision of instruction	2,891,273	-	-	-	-	2,891,273
Instructional library, media and technology	641,786	-	-	-	-	641,786
School site administration	10,157,539	-	-	-	-	10,157,539
Pupil Support Services:						
Home-to-school transportation	1,962,828	-	-	-	-	1,962,828
Food Services	1,804	-	-	-	-	1,804
All other pupil services	7,855,036	-	-	-	-	7,855,036
Ancillary Services	799,211	-	-	-	-	799,211
General Administration Services:						
Data processing services	2,575,341	-	-	-	-	2,575,341
Other general administration	5,692,683	-	280,262	-	-	5,972,945
Transfers of Indirect Costs	(83,889)	-	-	-	-	(83,889)
Plant Services	10,582,911	-	-	-	278,278	10,861,189
Capital Outlay	466,428	4,766,695	94,284	-	183,165	5,510,572
Intergovernmental Transfers	640,385	-	-	-	-	640,385
Debt Service:						
Principal	-	-	435,917	8,651,658	-	9,087,575
Interest	275,000	-	52,420	10,420,809	-	10,748,229
Total Expenditures	128,616,093	4,766,695	862,883	19,072,467	461,443	153,779,581
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,026,658)	(4,530,250)	(99,766)	1,192,678	(444,983)	(4,908,979)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	-	-	-	1,000,000	1,000,000
Interfund transfers out	(1,000,000)	-	-	-	-	(1,000,000)
Total Other Financing Sources and Uses	(1,000,000)	-	-	-	1,000,000	-
Net Change in Fund Balances	(2,026,658)	(4,530,250)	(99,766)	1,192,678	555,017	(4,908,979)
Fund Balances, July 1, 2019	29,679,171	9,874,304	8,527,403	19,944,331	673,771	68,698,980
Fund Balances, June 30, 2020	$ 27,652,513	$ 5,344,054	$ 8,427,637	$ 21,137,009	$ 1,228,788	$ 63,790,001

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental funds		$ (4,908,979)
Amounts reported for governmental *activities* in the statement of activities are different because:		
Capital outlays are reported in 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	6,065,512	
Depreciation expense	(8,698,263)	(2,632,751)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		9,087,575
Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(202,884)
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(1,192,913)
In governmental funds, if debt is issued at a premium or a discount it is recognized as an other financing source or use in the period it is incurred. In the government-wide statements, the premium and discount are amortized over the life of the debt. Amortization of premiums and discounts for the period were:		541,392
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statements, however, this is recorded as interest expense for the period. Accreted interest additions less accreted interest paid during the year was:		259,691
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of payment for refunded bonds which have been defeased. In the governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the life of the refunded debt. The difference between current year charges and current year amortization is:		(111,956)
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(6,900,081)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		39,112
In governmental funds, interest subsidies received from Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The federal interest accrued at the end of the period, less the interest received during the period but earned from the prior period was:		(231,734)
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time. This year, such liabilities increased by:		106,713
In the statement of activities, compensated absences 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).		53,006
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		303,888
Change in net position of governmental activities		$ (5,789,921)

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2020

	Governmental Activities: Internal Service	Business-Type Activities: Enterprise Fund
	Self-Insurance Fund	Food Services
ASSETS		
Deposits and investments	$ 1,137,565	$ 336,395
Accounts receivable	2,994	69,962
Stores inventories	-	46,768
Capital assets	-	578,724
Less, accumulated depreciation	-	(462,778)
Total assets	1,140,559	569,071
LIABILITIES		
Accounts payable and accrued liabilities	-	241,102
Total liabilities	-	241,102
NET POSITION		
Net investment in capital assets	-	115,946
Restricted	1,140,559	212,023
Total net position	$ 1,140,559	$ 327,969

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Governmental Activities: Internal Service	Business-Type Activities: Enterprise Fund
	Self-Insurance Fund	Food Services
OPERATING REVENUES		
Charges for services	$ 288,954	$ 1,157,639
Federal grants	-	469,960
Other grants	-	26,044
Total operating revenues	288,954	1,653,643
OPERATING EXPENSES		
Classified salaries	-	883,764
Employee benefits	-	383,163
Books and supplies	-	505,934
Services and other operating expenditures	-	48,591
Transfers of indirect costs	-	83,889
Depreciation	-	46,491
Total operating expenses	-	1,951,832
Operating income (loss)	288,954	(298,189)
NON-OPERATING REVENUES		
Interest income	14,934	5,979
Change in net position	303,888	(292,210)
Net position, July 1, 2019	836,671	620,179
Net position, June 30, 2020	$ 1,140,559	$ 327,969

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Governmental Activities: Internal Service Self-Insurance Fund	Business-Type Activities: Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	$ 288,954	$ 1,650,785
Cash paid for operating expenses	-	(1,862,612)
Net cash provided (used) by operating activities	288,954	(211,827)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid to acquire capital assets	-	(38,624)
Loss on disposal of capital assets	-	25
Interest on investments	17,071	8,042
Net cash provided (used) by investing activities	17,071	(30,557)
Net decrease in cash	306,025	(242,384)
Cash, July 1, 2019	831,540	578,779
Cash, June 30, 2020	$ 1,137,565	$ 336,395
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 288,954	$ (298,189)
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:		
Depreciation	-	46,491
Changes in assets and liabilities:		
Increase in accounts receivable	-	(2,858)
Increase in stores inventories	-	(14,780)
Increase in accounts payable	-	57,509
Net cash provided (used) by operating activities	$ 288,954	$ (211,827)

NONCASH, NONCAPITAL FINANCING ACTIVITIES
During the year, the District received $101,234 of food commodities from the U.S. Department of Agriculture.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2020

	Agency Funds		
	Payroll Clearance Fund	Student Body Funds	Total
Assets			
Deposits and investments	$ 839,466	$ 1,277,160	$ 2,116,626
Inventories	-	16,503	16,503
Total Assets	$ 839,466	$ 1,293,663	$ 2,133,129
Liabilities			
Due to student groups	$ -	$ 1,293,663	$ 1,293,663
Due to regulatory agencies	839,466	-	839,466
Total Liabilities	$ 839,466	$ 1,293,663	$ 2,133,129

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Las Virgenes Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements
The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fund Financial Statements (continued)

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. 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.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* sections 15125-15262).

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established 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.

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

Proprietary Funds
Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds in the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Proprietary Funds (continued)

Enterprise Funds: Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods are services. The District maintains one enterprise fund:

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. 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. The District maintains the following fiduciary funds:

Agency Funds: These funds are used to account for assets of others for which the District acts as an agent. The "due to regulatory agencies" account within the payroll clearing fund is used to record dedicated funds for payroll and related expenses. The District also maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

2. Measurement Focus, Basis of Accounting
The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting (continued)

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The agency fund has no measurement focus and utilizes the accrual bases of accounting for reporting its assets and liabilities.

3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, 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.

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

4. Unearned Revenue

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. 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 District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize 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.

8. 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 District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

9. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Fund Balances (continued)

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy, which states that the Board intends to maintain a minimum fund balance of 3% of the District's general fund annual operating expenditures. If a fund balance drops below 3%, it shall be recovered at a rate of .5% minimally, each year.

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.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 during the reported period. Actual results could differ from those estimates.

I. New GASB Pronouncement

In May 2020, the GASB issued Statement No. 95. The primary objective of this Statement is to provide 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)*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncement (continued)

- 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*

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

1. 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.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

2. 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.

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

3. 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.

   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.

4. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

4. (continued)
   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

5. 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.

   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.

   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.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

6. 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 reports
   - 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

6. (continued)

- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pensions 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

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.

Earlier application is encouraged and is permitted by topic.

7. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

   Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

7. (continued)
In addition, in accordance with Statement No. 87, *Leases,* as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. 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.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

8. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

8. (continued)
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.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases,* as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement).

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds	$ 65,521,085
Proprietary funds	1,137,565
Governmental Activities	66,658,650
Enterprise funds	336,395
Fiduciary funds	2,116,626
Total deposits and investments	$ 69,111,671

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

Cash on hand and in banks	$ 1,480,514
Cash in revolving fund	30,475
Investments	67,600,682
Total deposits and investments	$ 69,111,671

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2020, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Investments – Interest Rate Risk
The District's investment policy does not place limits on investment maturities. The Governing Board authorizes the District's chief fiscal officer to invest and reinvest surplus funds on behalf of the District. Maturities of investments held at June 30, 2020, consist of the following:

	Reported Amount	Less Than One Year	Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	$ 67,600,682	$ 67,600,682	$ -	uncategorized	N/A

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments – Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2020, all investments represented pooled fund held in the county treasury.

Investments – Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer.

Fair Value Measurements
The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

Custodial Credit Risk – Deposits
Custodial credit risk 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. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 agencies. 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, $1,378,173 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020, consisted of the following:

	Governmental Funds					Internal Service Fund	Enterprise Fund
	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Totals	Self-Insurance Fund	Food Services
Federal Government:							
Categorical aid programs	$ 2,496,448	$ -	$ -	$ -	$ 2,496,448	$ -	$ 68,366
State Government:							
LCFF	3,155,310	-	-	-	3,155,310	-	-
Lottery	554,298	-	-	-	554,298	-	-
Categorical aid programs	495,961	-	-	-	495,961	-	-
Other state resources	794,511	-	-	-	794,511	-	-
Local:							
Interest	75,121	18,974	24,085	2,535	120,715	2,994	1,596
Other local resources	968,639	-	-	-	968,639	-	-
Total	$ 8,540,288	$ 18,974	$ 24,085	$ 2,535	$ 8,585,882	$ 2,994	$ 69,962

NOTE 4 – INTERFUND TRANSACTIONS

Transfers To/From Other Funds

Transfers to/from other funds at June 30, 2020, consisted of the following:

General Fund transfer to Deferred Maintenance Fund for deferred maintenance match	$ 1,000,000

NOTE 5 – FUND BALANCES

At June 30, 2020, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total
Nonspendable:						
Revolving cash	$ 26,600	$ -	$ -	$ -	$ -	$ 26,600
Stores inventories	237,612	-	-	-	-	237,612
Prepaid expenditures	237,689	-	-	-	-	237,689
Total Nonspendable	501,901	-	-	-	-	501,901
Restricted:						
Categorical programs	1,294,195	-	-	-	-	1,294,195
Capital projects	-	5,344,054	8,427,637	-	-	13,771,691
Deferred maintenance projects	-	-	-	-	1,228,788	1,228,788
Debt service	-	-	-	21,137,009	-	21,137,009
Total Restricted	1,294,195	5,344,054	8,427,637	21,137,009	1,228,788	37,431,683
Committed:						
Early retirement incentive	68,170	-	-	-	-	68,170
Classified vacation accrual	967,840	-	-	-	-	967,840
Parcel tax reserve	70,450	-	-	-	-	70,450
PERS/STRS retirement increase	1,937,778	-	-	-	-	1,937,778
Total Committed	3,044,238	-	-	-	-	3,044,238
Assigned:						
School site carryover	50,085	-	-	-	-	50,085
Financial software upgrade	272,000					272,000
Total Assigned	322,085	-	-	-	-	322,085
Unassigned:						
Remaining unassigned balances	22,490,094	-	-	-	-	22,490,094
Total Unassigned	22,490,094	-	-	-	-	22,490,094
Total	$ 27,652,513	$ 5,344,054	$ 8,427,637	$ 21,137,009	$ 1,228,788	$ 63,790,001

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2019	Additions	Retirements	Balance, June 30, 2020
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 14,853,507	$ -	$ -	$ 14,853,507
Construction in progress	4,385,270	335,484	4,385,270	335,484
Total capital assets not being depreciated	19,238,777	335,484	4,385,270	15,188,991
Capital assets being depreciated:				
Land Improvements	16,886,653	538,799	-	17,425,452
Infrastructure	90,000	-	-	90,000
Buildings and Improvements	282,448,728	9,208,017	-	291,656,745
Equipment	14,065,575	368,482	6,011,798	8,422,259
Total capital assets being depreciated	313,490,956	10,115,298	6,011,798	317,594,456
Accumulated depreciation for:				
Land Improvements	(13,107,219)	(554,204)	-	(13,661,423)
Infrastructure	(90,000)	-	-	(90,000)
Buildings and Improvements	(102,096,314)	(7,782,176)	-	(109,878,490)
Equipment	(12,190,230)	(361,883)	(5,808,914)	(6,743,199)
Total accumulated depreciation	(127,483,763)	(8,698,263)	(5,808,914)	(130,373,112)
Total capital assets being depreciated, net	186,007,193	1,417,035	202,884	187,221,344
Governmental activities capital assets, net	$ 205,245,970	$ 1,752,519	$ 4,588,154	$ 202,410,335
Business-Type Activities				
Capital assets being depreciated:				
Equipment	$ 550,100	$ 38,624	$ 10,000	$ 578,724
Accumulated depreciation for:				
Equipment	(426,262)	(46,491)	(9,975)	(462,778)
Business-Type activities capital assets, net	$ 123,838	$ (7,867)	$ 25	$ 115,946

Depreciation expense is allocated to the following functions on the Statement of Activities:

Governmental Activities:	
Instruction	$ 8,176,367
All other general administration	478,404
Plant services	43,492
Total governmental activities depreciation expense	$ 8,698,263
Business-Type Activities:	
Food services	$ 46,491
Total depreciation expense	$ 8,744,754

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2020, were as follows:

	Balance, July 1, 2019	Additions	Deductions	Balance, June 30, 2020	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	$ 128,427,732	$ -	$ 8,651,658	$ 119,776,074	$ 7,093,133
Accreted interest component	53,099,666	5,663,651	5,923,342	52,839,975	8,996,866
Unamortized issuance premium	7,320,132	-	541,392	6,778,740	541,392
Total - General Obligation Bonds	188,847,530	5,663,651	15,116,392	179,394,789	16,631,391
Certificates of Participation	10,405,193	-	435,917	9,969,276	451,301
Compensated Absences	1,020,846	-	53,006	967,840	-
Supplemental Early Retirement	127,221	-	106,713	20,508	14,950
Other Postemployment Benefits	27,774,426	2,309,948	2,512,152	27,572,222	-
Totals	$ 228,175,216	$ 7,973,599	$ 18,224,180	$ 217,924,635	$ 17,097,642

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of participation payments are made by the Capital Facilities Fund. Accumulated vacation, the supplemental early retirement, and other employment benefits will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

1997 Election
The District authorized bonds at a regularly scheduled election of the registered voters of the District held on November 4, 1997, at which more than two-thirds of the voters authorized the issuance and sale of $30.0 million of general obligation bonds to finance the construction and modernization of school facilities.

2006 Election
The District authorized bonds at a regularly scheduled election of the registered voters of the District held on June 6, 2006, at which more than 55% of the voters authorized the issuance and sale of $128.0 million of general obligation bonds to finance the construction and modernization of school facilities.

A portion of the bonds is designated “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. The District is obligated to deposit any cash subsidy payments it receives into the debt service fund for the Bonds. Another portion of the bonds is designated as "Qualified School Construction Bonds" for purposes of the Recovery Act.

With respect to the bonds, the District expects to receive, on or about each bond payment date for the bonds, a cash subsidy payment from the United States Treasury equal to the lesser of a) the interest payable on such bond payment date or b) the amount of interest that would have been payable on such bond payment date on such bonds if such interest were determined at a federal tax credit rate applicable to the bonds, which Tax Credit Rate is published by the Treasury and determined under Section 54A(b)(3) of the Code. Prior to each such bond payment date for the bonds, the District will submit or cause to be submitted to the Treasury a subsidy reimbursement request in accordance with applicable Federal regulations.

On August 29, 2018 the District issued Series D General Obligation Bonds of the Election of 2006, in the amount of $10,435,000.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020, $39 million of bonds outstanding are considered defeased.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2020, deferred amounts on refunding were $914,179.

2013 Refunding
On January 10, 2013, the District issued $9,630,000 of General Obligation Refunding Bonds. The Bonds consist of serial bonds bearing fixed rates ranging from 0.588 to 2.365 percent with annual maturities from November 2013 through November 2019. The net proceeds of $9,438,029 (after issuance costs and underwriter's discount of $191,971) were used to refund a portion of the Series 2004 Refunding General Obligation Bonds.

2014 Refunding
On October 29, 2014, the District issued $27,255,000 of General Obligation Refunding Bonds. The Bonds consist of serial bonds bearing fixed rates ranging from 3.0 to 5.0 percent with annual maturities from August 2015 through August 2031. The net proceeds of $31,542,630 (after issuance costs and underwriter's discount of $309,987) were used to refund a portion of the Series 2006A General Obligation Bonds.

2016 General Obligation Refunding Bonds
On December 6, 2016, the District issued $39,610,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 2.75% and 4.0% with annual maturities from August 1, 2020 through August 1, 2034. The net proceeds of $41,651,500 (after premiums of $2,391,917 and issuance costs of $350,417) were used to advance refund, on a crossover basis, a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series B-1 and pay the costs of issuance.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

The outstanding bonded debt at June 30, 2020, was as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2019	Additions	Deductions	Balance, June 30, 2020
Measure R (1997)								
Series A	2/24/1998	11/1/2022	3.65%-5.15%	$ 29,999,130	$ 2,682,356	$ -	728,674	$ 1,953,682
Series B	8/11/1999	11/1/2023	4.85%-5.68%	9,374,387	3,264,577	-	634,320	2,630,257
Series C	3/21/2001	11/1/2025	4.05%-5.44%	18,492,813	1,979,698	-	290,728	1,688,970
Series D	10/17/2002	9/1/2027	2.00%-5.20%	32,627,309	17,734,226	-	1,376,708	16,357,518
Sub-total Measure R				90,493,639	25,660,857	-	3,030,430	22,630,427
Measure G (2006)								
2006 B	12/22/2009	8/1/2034	3.000%-7.262%	42,996,222	2,862,100	-	346,228	2,515,872
2006 C	5/19/2011	8/1/2033	5.006%-6.750%	29,998,274	20,588,274	-	1,955,000	18,633,274
2006 D	8/29/2018	8/1/2035	3.0%-5.0%	10,435,000	10,435,000	-	-	10,435,000
Sub-total Measure G				83,429,496	33,885,374	-	2,301,228	31,584,146
Refunding Bonds								
2004 Ref.	8/4/2004	11/1/2021	1.50%-5.18%	14,471,501	886,501	-	-	886,501
2013 Ref.	1/10/2013	11/1/2019	0.588%-2.365%	9,630,000	2,385,000	-	2,385,000	-
2014 Ref.	10/29/2014	8/1/2031	3.00%-5.00%	27,255,000	26,000,000	-	935,000	25,065,000
2016 Ref	12/6/2016	8/1/2034	2.750%-4.00%	39,610,000	39,610,000	-	-	39,610,000
Sub-total Refunding Bonds				90,966,501	68,881,501	-	3,320,000	65,561,501
					$ 128,427,732	$ -	$ 8,651,658	$ 119,776,074
			Accreted Interest Component					
				1997 A	$ 5,254,457	$ 360,463	$ 1,466,326	$ 4,148,594
				1997 B	6,740,422	527,019	1,365,680	5,901,761
				1997 C	4,495,889	406,007	679,272	4,222,624
				1997 D	23,207,406	2,073,443	1,698,292	23,582,557
				2004 Ref.	3,754,108	551,493	-	4,305,601
				2006 B	5,404,873	957,465	713,772	5,648,566
				2006 C	4,242,511	787,761	-	5,030,272
					$ 53,099,666	$ 5,663,651	$ 5,923,342	$ 52,839,975

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2020-21	$ 7,093,133	$ 12,510,826	$ 19,603,959
2021-22	7,306,944	15,428,858	22,735,802
2022-23	7,128,388	15,997,597	23,125,985
2023-24	7,312,400	14,046,592	21,358,992
2024-25	6,142,051	14,670,618	20,812,669
2025-30	32,692,736	63,427,370	96,120,106
2030-35	44,835,422	16,860,535	61,695,957
2035-36	7,265,000	601,750	7,866,750
Total	$ 119,776,074	$ 153,544,146	$ 273,320,220

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Certificates of Participation

On July 3, 2003, the District issued the 2003 Certificates of Participation in the amount of $20,000,000. During the 2007-2008 fiscal year, the District issued the 2008 Refunding Certificates of Participation to refinance the 2003 Certificates of Participation. The 2008 Refunding Certificates of Participation were later refunded in 2017 as described below.

2017 Certificates of Participation Refunding Lease/Purchase Agreement

On January 19, 2017, the District entered into a $11,685,780 of Certificates of Participation Refunding lease/purchase agreement. The certificates bear a fixed interest rate of 3.18% with semi-annual maturities from May 1, 2017 through November 1, 2036. The net proceeds of $11,500,779 (after issuance costs of $185,001) were used to refinance the District's outstanding 2008 Refunding Certificates of Participation and pay the costs of issuance.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded certificates. As a result, the refunded certificates are considered to be defeased, and the related liability for the certificates has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2020 of $553,443 remain to be amortized. As of June 30, 2020, the principal balance outstanding on the defeased debt has been fully paid.

The refunding decreased the District's total debt service payments by $1,817,667. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of $1,090,504.

Fiscal Year	Principal	Interest	Total
2020-21	$ 451,301	$ 313,435	$ 764,736
2021-22	465,680	298,970	764,650
2022-23	479,690	284,049	763,739
2023-24	493,207	268,688	761,895
2024-25	511,033	252,862	763,895
2025-30	2,811,246	1,007,632	3,818,878
2030-35	3,284,113	528,037	3,812,150
2035-37	1,473,006	53,104	1,526,110
Total	$ 9,969,276	$ 3,006,777	$ 12,976,053

C. Supplemental Early Retirement Plans

2011 SERP

The District offered a supplemental early retirement plan during the 2010-11 year, whereby certain eligible employees are provided an annuity through Mid-America Administrative and Retirement Solution to supplement the retirement benefits they are entitled to through the California State Teachers' Retirement System (CalSTRS). Under the plan, eligible employees are those certificated non-management employees who are STRS eligible and have provided a minimum of ten years of service in the District. Twenty-nine employees retired and elected to receive this annuity.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Supplemental Early Retirement Plans (continued)

2015 SERP

The District offered a voluntary early retirement incentive, which was available to all certificated LVEA unit members who have served 15 years as employees of the District, are at least age 60 at the age of retirement, and eligible to retire under STRS or PERS, with an effective retirement date on or before June 30, 2016. The District agrees to provide those who qualify with an annual payment of $4,600 and the District will also contribute the required minimum monthly contribution for retirees for health insurance. As of June 30, 2020, 14 employees retired and elected to participate in the plan.

The outstanding liability for all SERPs at June 30, 2020, amounted to $20,508. The supplemental early retirement plan has the following required payments:

Fiscal Year	Total Payment
2020-21	$ 14,950
2021-22	5,558
Total	$ 20,508

D. Other Postemployment Benefits (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:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 27,015,439	$ 1,232,028	$ 2,166,276	$ 1,931,442
MPP Program	556,783	-	-	(20,604)
Total	$ 27,572,222	$ 1,232,028	$ 2,166,276	$ 1,910,838

The details of each plan are as follows:

District Plan

Plan Description

Las Virgenes Unified School District provides post-employment benefits other than pensions (OPEB) to employees who meet certain criteria. The District plan is a single-employer defined benefit plan administered by the District. The District offers post-employment healthcare benefits to eligible retirees and their covered eligible dependents and pays a small portion of the cost. All active employees who retire directly from the District and meet the eligibility criteria may participate. The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. While the District contracts its health benefits through the CalPERS health plan, retirees have access to a District funded subsidy towards their insurance premium, currently equal to $139.00 per month. However, this is not a union-contracted benefit and it is not being offered to retirees at the discretion of the District.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Benefits Provided
The postretirement health plans and the District's obligation vary by employee group as described below.

Retirees have access through the CalPERS health benefit program to the same medical plans as active employees, with the exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer.

Employees become eligible to retire and receive a contribution from the district towards their healthcare benefits upon attainment of age 50 and 5 years of covered PERS service (age 52 and 5 years for PEPRA employees), or age 55 and 5 years of covered STRS service. Benefits are accessible for the lifetime of the retiree and spouse or surviving spouse (and dependent children up to the age of 26). The District uses a statutory schedule to determine its monthly contribution on behalf of all eligible retirees and surviving spouses ($136.00 for 2019 and $139.00 for 2020, indexed by the Medical CPI thereafter), in addition to an administrative fee, which is currently 0.33% of total premium.

Integrated medical/prescription drug coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees can choose from a variety of HMO and PPO options providing comprehensive medical and prescription drug coverage.

For purposes of its contract with PEMHCA, the District uses a statutory schedule to determine its monthly contribution on behalf of each active employee. The statutory amount is $136.00 for 2019 and $139.00 for 2020, and will be indexed by the Medical CPI each year thereafter. The District also pays an administrative fee, currently 0.33% of total premium, on behalf of all retirees.

Employees Covered by Benefit Terms
At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	295
Active employees	1,058
Total	1,353

Total OPEB Liability
The District's total OPEB liability of $27,015,439 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2019
Inflation	2.25 percent
Salary increases	3.00 percent
Healthcare cost trend rates	8.00 percent decreasing to 5.00 percent for 2022-23 and after.
Retirees' share of benefit-related costs	Retirees pay the balance of the premium after statutory minimum benefit contributed by the District.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Discount Rate
The discount rate of 3.5% was based on Bond Buyer 20-Bond General Obligation Index.

Mortality Rates
Mortality rates were based on a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study through July 1, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	$ 27,197,040
Changes for the year:	
Service cost	1,124,713
Interest	978,698
Difference between expected and actual experience	(1,773,623)
Change of assumptions	206,537
Benefit payments	(717,926)
Net changes	(181,601)
Balance at June 30, 2020	$ 27,015,439

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 percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	$ 31,364,883
Current discount rate	$ 27,015,439
1% increase	$ 23,509,504

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

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 percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		OPEB Liability
1% decrease	$	26,462,510
Current trend rate	$	27,015,439
1% increase	$	27,665,635

OPEB Expense and 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 $1,931,442. In addition, at June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	9,374	$	1,559,030
Changes of assumptions		1,222,654		607,246
Total	$	1,232,028	$	2,166,276

The deferred outflows of resources related to changes of assumptions will be amortized over five years and will be recognized in OPEB expense as follows:

Year Ended June 30:		Deferred Outflows of Resources		Deferred Inflows of Resources
2021	$	240,974	$	412,943
2022		240,974		412,943
2023		240,974		412,943
2024		240,974		412,943
2025		238,630		261,131
Thereafter		29,502		253,373
	$	1,232,028	$	2,166,276

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit 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. 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/actuarial-financial-and-investor-information.

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the 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 MPP Program is closed to new entrants as members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2019, 5,744 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. 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.

Total OPEB Liability
At June 30, 2020, the District reported a liability of $556,783 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2019, 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. 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 and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net OPEB Liability	0.1495134%	0.1508446%	-0.0013312%

For the year ended June 30, 2020, the District reported OPEB expense of $(20,604).

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2019
Valuation Date	June 30, 2018
Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	3.70% for Medicare Part A, and 4.10% for Medicare Part B

In addition, 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% of the potentially eligible population (165,422).

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% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2016) table issued by the Society of Actuaries.

Discount Rate
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 California State Treasurer.

The discount rate used to measure the total OPEB liability was 3.50%. The MPP Program is funded on a pay-as-you-go basis as previously noted, and under the pay-as-you-go method, 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%, which is the Bond Buyer's 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% from 3.87% as of June 30, 2018.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

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

Discount Rate		MPP OPEB Liability
1% decrease	$	607,577
Current discount rate	$	556,783
1% increase	$	510,079

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

Medicare Cost Trend Rates		MPP OPEB Liability
1% decrease	$	507,357
Current trend rate	$	556,783
1% increase	$	613,426

NOTE 8 – PENSION PLANS

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

For the fiscal year ended June 30, 2020, the District reported 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	$	87,368,939	$	23,216,956	$	8,563,629	$	12,274,503
CalPERS		40,826,134		9,503,153		2,407,827		8,819,911
Total	$	128,195,073	$	32,720,109	$	10,971,456	$	21,094,414

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. 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/ actuarial-financial-and-investor-information.

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% 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 non-employer 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 Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	17.10%	17.10%
Required State Contribution Rate	10.328%	10.328%

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

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 June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

The contribution rates for each program for the year ended June 30, 2020, are presented above, and the District's total contributions were $8,977,130.

Pension Liabilities, Pension Expense, and 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:

District's proportionate share of net pension liability	$	87,368,939
State's proportionate share of the net pension liability associated with the District		47,665,589
Total	$	135,034,528

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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net Pension Liability	0.096737%	0.095924%	0.000813%

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2020, the District recognized pension expense of $12,274,503. In addition, the District recognized pension expense and revenue of $1,304,113 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	$ 8,977,130	$ -
Net change in proportionate share of net pension liability	2,767,792	2,534,983
Difference between projected and actual earnings on pension plan investments	201,213	3,566,691
Changes of assumptions	11,050,261	-
Differences between expected and actual experience	220,560	2,461,955
Total	$ 23,216,956	$ 8,563,629

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 3,419,500	$ 1,571,127
2022	3,419,500	3,907,324
2023	3,419,500	1,603,050
2024	3,311,500	883,327
2025	345,545	307,623
Thereafter	324,281	291,178
Total	$ 14,239,826	$ 8,563,629

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions
The total pension liability for the 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. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2016) table issued by the Society of Actuaries.

The long-term investment 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) as inputs 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' independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of 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%)

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expenses occur midyear. Based on those 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 the 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%)	$ 130,099,582
Current discount rate (7.10%)	87,368,939
1% increase (8.10%)	51,937,098

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 pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $6,648,887. On behalf payments have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule.

B. California Public Employees Retirement System (CalPERS)

Plan Description
Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer 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 Accounting Report. 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/employers/actuarial-resources/gasb.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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:

	Schools 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	2.0 – 2.5%	2.0 – 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 are 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 contribution rates are expressed as a 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 $3,913,093.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and 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 $40,826,134. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Change Increase/ (Decrease)
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net Pension Liability	0.140083%	0.144304%	-0.004221%

For the year ended June 30, 2020, the District recognized pension expense of $8,891,911. 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	$ 3,913,093	$ -
Net change in proportionate share of net pension liability	199,888	1,548,052
Difference between projected and actual earnings on pension plan investments	481,105	859,775
Changes of assumptions	1,943,451	-
Differences between expected and actual experience	2,965,616	-
Total	$ 9,503,153	$ 2,407,827

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 3,539,336	$ 540,863
2022	1,351,066	1,277,418
2023	544,550	340,002
2024	155,108	226,859
2025	-	22,685
Thereafter	-	-
Total	$ 5,590,060	$ 2,407,827

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a 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
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

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 and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 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.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the 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%)	$	58,848,187
Current discount rate (7.15%)		40,826,134
1% increase (8.15%)		25,875,595

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2020, the District reported payables of $870,364 and $252,921 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2020.

NOTE 9 – JOINT POWERS AGREEMENTS

The Las Virgenes Unified School District participates in two joint powers agreement (JPA) entities: Alliance of Schools for Cooperative Insurance Programs (ASCIP) and Schools Linked for Insurance Management (SLIM). The JPAs arrange for and provide property and liability insurance, workers' compensation insurance and health benefits insurance for their member school districts. The Las Virgenes Unified School District pays a premium commensurate with the level of coverage requested.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the Las Virgenes Unified School District beyond the District's representation on the governing boards.

The following condensed financial information is presented for informational purposes only:

	ASCIP June 30, 2019 (audited)	SLIM June 30, 2020 (unaudited)
Assets	$ 493,693,588	$ 10,608,120
Deferred Outflows	1,539,202	-
Liabilities	(293,593,683)	(6,572,211)
Deferred Inflows	(277,662)	-
Net Position	$ 201,361,445	$ 4,035,909
Revenues	$ 271,786,016	$ 10,782,789
Expenses	274,827,206	11,218,324
Change in Net Position	$ (3,041,190)	$ (435,535)

Each JPA is independently accountable for its fiscal matters and maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the Las Virgenes Unified School District and the JPAs are such that no JPA is a component unit of the Las Virgenes Unified School District for financial reporting purposes.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Commitments
As of June 30, 2020, the District had commitments with respect to unfinished capital projects of approximately $0.55 million.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2020.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued)

D. Impact of COVID-19

On March 13, 2020, a presidential emergency was declared due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the State of California to supplement the local recovery efforts by the K-12 education community. On that same date, Governor Newsom issued Executive Order N-26-20, guaranteeing continued State funding, holding LEAs harmless from several regulations, and providing guidelines for LEAs to operate under a "distance learning" environment.

In response, the District announced the closing of all schools in mid-March. With nearly all districts in California shut down to stem the spread of COVID-19, officials statewide hastily put in place plans to deliver "grab and go" meals with minimal contact between cafeteria staff, volunteers and families in need. In addition, the District worked to implement distance learning for all students for the remainder of the 2019-20 school year. Construction projects were near completion prior to the closures, therefore, the timeline construction projects was not heavily impacted.

A companion bill to Executive Order N-26-20, Senate Bill 117 changed the method used by the District to calculate average daily attendance (ADA) for both the P-2 and Annual period apportionment to include all full school months from July 1, 2019 to February 29, 2020. As events unfold and changes are made on a daily basis, the future impacts of COVID-19 on the District's operations are not fully known at this time.

NOTE 11 – RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates in various public entity risk pools (JPAs) for the workers' compensation programs and health and welfare benefits. Refer to Note 8 for additional information regarding the JPAs.

During fiscal year ending June 30, 2020, the District participated in Self-Insured Schools of California (SISC III) public entity risk pools for dental insurance coverage. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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Required Supplementary Information

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LAS VIRGENES UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual*	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF sources	$ 97,101,830	$ 97,003,900	$ 97,019,409	$ 15,509
Federal sources	3,175,012	3,252,784	2,991,029	(261,755)
Other state sources	9,093,477	11,441,333	10,988,040	(453,293)
Other local sources	10,430,765	10,807,037	9,942,067	(864,970)
Total Revenues	119,801,084	122,505,054	120,940,545	(1,564,509)
Expenditures				
Current:				
Certificated salaries	55,527,553	55,732,621	55,212,211	520,410
Classified salaries	21,487,231	21,830,083	20,454,232	1,375,851
Employee benefits	28,673,478	28,270,586	27,322,479	948,107
Books and supplies	4,739,017	4,557,510	3,826,637	730,873
Services and other operating expenditures	15,755,810	15,222,149	13,616,292	1,605,857
Capital outlay	467,845	516,287	703,861	(187,574)
Other Outgo	1,016,123	823,023	831,491	823,023
Total Expenditures	127,667,057	126,952,259	121,967,203	5,816,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,865,973)	(4,447,205)	(1,026,658)	4,252,038
Other Financing Sources and Uses				
Interfund transfers in	145,954	145,954	-	(145,954)
Interfund transfers out	(980,000)	(1,000,000)	(1,000,000)	-
Total Other Financing Sources and Uses	(834,046)	(854,046)	(1,000,000)	(145,954)
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses	(8,700,019)	(5,301,251)	(2,026,658)	4,106,084
Fund Balance, July 1, 2019	29,679,171	29,679,171	29,679,171	-
Fund Balance, June 30, 2020	$ 20,979,152	$ 24,377,920	$ 27,652,513	$ 4,106,084

*The actual column above does not include the revenues or expenditures related to the STRS on-behalf contributions, as they were not considered during the budget development process.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2020

Last Ten Fiscal Years*

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS						
District's proportion of the net pension liability	0.0967%	0.0959%	0.0951%	0.0940%	0.1000%	0.0970%
District's proportionate share of the net pension liability	$ 87,368,939	$ 88,160,629	$ 87,920,393	$ 76,028,140	$ 67,324,000	$ 56,683,890
State's proportionate share of the net pension liability associated with the District	47,665,589	50,476,083	52,012,962	43,287,836	35,606,879	34,228,524
Totals	$ 135,034,528	$ 138,636,712	$ 139,933,355	$ 119,315,976	$ 102,930,879	$ 90,912,414
District's covered-employee payroll	$ 53,368,428	$ 51,302,571	$ 50,598,712	$ 38,085,918	$ 40,708,052	$ 43,816,667
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.71%	171.84%	173.76%	199.62%	165.38%	129.37%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
CalPERS						
District's proportion of the net pension liability	0.1401%	0.1443%	0.1429%	0.1503%	0.1505%	0.1469%
District's proportionate share of the net pension liability	$ 40,826,134	$ 38,476,047	$ 34,114,106	$ 29,684,343	$ 22,183,849	$ 16,676,727
District's covered-employee payroll	$ 19,445,643	$ 19,093,664	$ 18,223,618	$ 16,558,335	$ 14,983,774	$ 15,414,613
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	209.95%	201.51%	187.20%	179.27%	148.05%	108.19%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

Notes to Schedule:

Changes in Benefit Terms

A summary of the plan provisions that were used for a specific plan can be found in each plan's annual valuation report.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2020

Last Ten Fiscal Years*

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS						
Contractually required contribution	$ 8,977,130	$ 8,688,380	$ 7,402,961	$ 6,365,318	$ 4,086,619	$ 3,614,875
Contributions in relation to the contractually required contribution	8,977,130	8,688,380	7,402,961	6,365,318	4,086,619	3,614,875
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 52,497,834	$ 53,368,428	$ 51,302,568	$ 50,598,712	$ 38,085,918	$ 40,708,052
Contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 3,913,093	$ 3,512,272	$ 2,965,437	$ 2,530,896	$ 1,961,666	$ 1,763,740
Contributions in relation to the contractually required contribution	3,913,093	3,512,272	2,965,437	2,530,896	1,961,666	1,763,740
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,842,265	$ 19,445,642	$ 19,093,664	$ 18,223,618	$ 16,558,335	$ 14,983,774
Contributions as a percentage of covered-employee payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LAS VIRGENES UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2020

Last 10 Fiscal Years*

	2019-20	2018-19	2017-18
Total OPEB liability			
Service cost	$ 1,124,713	$ 1,045,798	$ 1,084,204
Interest	978,698	981,192	901,764
Differences between expected and actual experience	(1,773,623)	(54,296)	16,406
Changes of assumptions or other inputs	206,537	1,463,872	(1,062,679)
Benefit payments	(717,926)	(759,316)	(753,003)
Net change in total OPEB liability	(181,601)	2,677,250	186,692
Total OPEB liability - beginning	27,197,040	24,519,790	24,333,098
Total OPEB liability - ending	$ 27,015,439	$ 27,197,040	$ 24,519,790
Covered-employee payroll	$ 78,250,000	$ 73,899,097	$ 71,746,696
Total OPEB liability as a percentage of covered-employee payroll	34.52%	36.80%	34.18%

Notes to Schedule:

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LAS VIRGENES UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2020

Last 10 Fiscal Years*

	2019-20	2018-19	2017-18
District's proportion of net OPEB liability	0.1495%	0.1508%	0.1513%
District's proportionate share of net OPEB liability	$ 556,783	$ 577,386	$ 636,582
Covered-employee payroll	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	0.40%	0.01%

Notes to Schedule:

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.

**This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

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 States 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 adoptions 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Change of assumptions **-** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

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.

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 benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life. There was no change in the discount rate since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 3.87 percent to 3.50 percent since the previous valuation.

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Supplementary Information

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LAS VIRGENES UNIFIED SCHOOL DISTRICT

Local Educational Agency Organization Structure
June 30, 2020

The Las Virgenes Unified School District was established in 1962. The District boundaries include the cities of Agoura Hills, Calabasas, Hidden Hills, Westlake Village, and unincorporated areas in Los Angeles and Ventura counties. There were no changes to the District's boundaries during the year. The District operates eight elementary schools, one alternative K-8 school, three middle schools, two comprehensive high schools, and one alternative high school.

GOVERNING BOARD

Member	Office	Term Expires
Lesli Stein	President	2022
Angela Cutbill	Vice President	2022
Dallas Lawrence	Clerk	2022
Linda Menges	Member	2020
Mathy Wasserman	Member	2020

DISTRICT ADMINISTRATORS

Dan Stepenosky, Ed.D.,
Superintendent

Clara Finneran, Ed.D.,
Assistant Superintendent, Education

Karen Kimmel,
Assistant Superintendent, Business

Rose Dunn, Ed.D.,
Assistant Superintendent, Personnel

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2020

	Second Period Report Certificate No. (90D92AAE)	Annual Report Certificate No. (C0CC5A25)
Regular ADA:		
Transitional Kindergarten through Third	2,783.72	2,783.72
Fourth through Sixth	2,217.32	2,217.32
Seventh through Eighth	1,704.08	1,704.08
Ninth through Twelfth	3,693.00	3,693.00
Total Regular ADA	10,398.12	10,398.12
Special Education, Nonpublic, Nonsectarian Schools:		
Fourth through Sixth	1.66	1.66
Seventh through Eighth	2.34	2.34
Ninth through Twelfth	18.30	18.30
Total Special Education, Nonpublic, Nonsectarian Schools	22.30	22.30
Total ADA	10,420.42	10,420.42

See accompanying note to supplementary information.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2020

Grade Level	Requirement	2019-20 Offered Minutes	Number of Days Traditional Calendar	Status*
Kindergarten	36,000	43,140	180	Complied
Grade 1	50,400	50,828	180	Complied
Grade 2	50,400	50,828	180	Complied
Grade 3	50,400	50,828	180	Complied
Grade 4	54,000	54,630	180	Complied
Grade 5	54,000	54,630	180	Complied
Grade 6	54,000	55,330	180	Complied
Grade 7	54,000	55,330	180	Complied
Grade 8	54,000	55,330	180	Complied
Grade 9	64,800	66,039	180	Complied
Grade 10	64,800	66,039	180	Complied
Grade 11	64,800	66,039	180	Complied
Grade 12	64,800	66,039	180	Complied

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2020

General Fund	(Budget) 2021 [2]	2020 [3]	2019	2018
Revenues and other financing sources	$ 110,948,578	$ 120,940,545	$ 124,212,123	$ 118,511,731
Expenditures	123,079,156	121,967,203	123,074,963	117,874,997
Other uses and transfers out	971,594	1,000,000	893,752	850,000
Total outgo	124,050,750	122,967,203	123,968,715	118,724,997
Change in fund balance (deficit)	(13,102,172)	(2,026,658)	243,408	(213,266)
Ending fund balance	$ 14,550,341	$ 27,652,513	$ 29,679,171	$ 29,435,763
Available reserves [1]	$ 9,859,633	$ 22,490,094	$ 21,085,023	$ 18,858,225
Available reserves as a percentage of total outgo	7.9%	18.3%	17.0%	15.9%
Total long-term debt	$ 329,022,066	$ 346,119,708	$ 354,811,892	$ 345,338,754
Average daily attendance at P-2	N/A	10,420	10,677	10,860

The General Fund balance has decreased by $2,026,658 over the past year. The fiscal year 2020-21 adopted budget projects a decrease of $13,102,172. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2020-21 fiscal year. Long-term debt has decreased by $780,954 over the past two years.

Average daily attendance has decreased by 440 over the past two years. No ADA will be reported during the fiscal year 2020-21.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised Final Budget August, 2020.

[3] This column does not include the revenues or expenditures related to the STRS on-behalf contributions.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2020

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	$ 22,229	
School Breakfast Program - Especially Needy	10.553	13526	7,697	
National School Lunch Program	10.555	13523	230,030	
Seamless Summer Option	10.555	13523	108,770	
USDA Donated Foods	10.555	13523	101,234	
Total Child Nutrition Cluster				$ 469,960
Total U.S. Department of Agriculture				469,960
U.S. Department of Treasury:				
Passed through California Dept. of Education (CDE):				
COVID-19 - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149		691,178
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		586,256
Title II, Part A, Supporting Effective Instruction Local	84.367	14341		158,244
Title III, Limited English Proficiency	84.365	14346		55,194
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		48,566
Department of Rehabilitation: Workability II, Transitions Partnership	84.126	10006		161,124
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		43,794
Local Assistance Entitlement	84.027	13379		1,896,181
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536		163,615
Total U.S. Department of Education				3,112,974
Total Expenditures of Federal Awards				$ 4,274,112

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

General Fund Selected Financial Information Three-Year Summary of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2020

	Actual Results for the Years* (Amounts in thousands)					
	2019-20		2018-19		2017-18	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
Revenues						
Federal revenue	$ 2,991	2.47	$ 3,412	2.75	$ 3,750	3.16
State and local revenue included in LCFF	97,019	80.22	95,623	76.98	90,864	76.67
Other state revenue	10,988	9.09	13,663	11.00	12,859	10.85
Other local revenue	9,942	8.22	11,515	9.27	11,039	9.31
Total Revenues	120,941	100.00	124,212	100.00	118,512	100.00
Expenditures						
Salaries and benefits						
Certificated salaries	55,212	45.65	55,005	44.28	53,328	45.00
Classified salaries	20,454	16.91	20,435	16.45	19,985	16.86
Employee benefits	27,322	22.59	26,448	21.29	24,075	20.31
Subtotal salaries and benefits	102,988	85.16	101,888	82.03	97,388	82.18
Books and supplies	3,827	3.16	4,788	3.86	5,393	4.55
Services and operating expenditures	13,616	11.26	14,571	11.73	13,053	11.01
Capital outlay	704	0.58	963	0.78	1,040	0.88
Other outgo	831	0.69	865	0.70	1,001	0.84
Total Expenditures	121,966	100.85	123,076	99.09	117,875	99.46
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,026)	(0.85)	1,136	0.91	637	0.54
Other Financing Sources and Uses						
Interfund transfers out	(1,000)	(0.83)	(915)	(0.74)	(850)	(0.72)
Other Sources	-	-	21	0.02	-	-
Total Other Financing Sources and Uses	(1,000)	(0.83)	(894)	(0.72)	(850)	(0.72)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,026)	(1.67)	242	0.20	(213)	(0.18)
Fund Balances, Beginning	29,679		29,436		29,649	
Fund Balances, Ending	$ 27,653		$ 29,679		$ 29,436	

*Actual results do not include the STRS on behalf contributions from the State or the PERS on behalf contribution in 2018-19.

NOTE 1 – PURPOSE OF SCHEDULES

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 participated in the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*. The instructional time presented in this schedule includes the days that the District was closed due to the COVID-19 pandemic.

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.

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 Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a 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 represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances (Governmental & Proprietary)		$ 4,577,977
Differences between Federal Revenues and Expenditures:		
Build America Bonds - Interest Subsidy	Not applicable	(1,158,658)
COVID-Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	691,178
COVID-Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	163,615
Total Schedule of Expenditures of Federal Awards		$ 4,274,112

General Fund Selected Financial Information
This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the General Fund for the past three years.

Other Independent Auditors' Reports

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

Board of Education
Las Virgenes Unified School District
Calabasas, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Las Virgenes Unified School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Las Virgenes Unified School District's basic financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Las Virgenes Unified School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Las Virgenes Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Las Virgenes Unified School District's internal control.

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

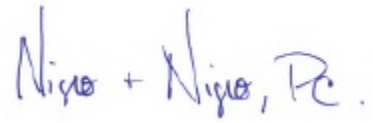
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Las Virgenes Unified School District's financial statements are free of 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*.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
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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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
December 8, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Las Virgenes Unified School District
Calabasas, California

Report on Compliance for Each Major Federal Program

We have audited Las Virgenes 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 Las Virgenes Unified School District's major federal programs for the year ended June 30, 2020. Las Virgenes Unified School District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Las Virgenes 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 Las Virgenes 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 Las Virgenes Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Las Virgenes Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
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Report on Internal Control Over Compliance

Management of Las Virgenes 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 Las Virgenes 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 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.

Nigro + Nigro, PC.

Murrieta, California
December 8, 2020

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Las Virgenes Unified School District
Calabasas, California

Report on State Compliance
We have audited Las Virgenes Unified School District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Las Virgenes Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Las Virgenes Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2019-20 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 types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Las Virgenes 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 state program. However, our audit does not provide a legal determination of Las Virgenes Unified School District's compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	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 perform testing for independent study because the ADA was under the level that requires testing.

Unmodified Opinion on Compliance with State Programs

In our opinion, Las Virgenes Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Nigro + Nigro, PC

Murrieta, California
December 8, 2020

Findings and Questioned Costs

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LAS VIRGENES UNIFIED SCHOOL DISTRICT

Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) 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, Section 200.516	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027	Individuals with Disabilities Education Act (IDEA)

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

State Awards

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

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2019-20.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2019-20.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2019-20.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2020

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2019-001: Teacher Credentials	Any teachers assigned to provide instruction to English Learner students, must hold the appropriate credential or certificate, pursuant to Education Code Section 44001, 44830(a), 44831, and 44253.1. English Learners identified in K-12 public schools in California are required to receive services designed to meet their linguistic and academic needs based on assessments made by the LEA. Education Code Section 44253.1 further states, "for these pupils to have access to quality education, their special needs must be met by teachers who have essential skills and knowledge related to English language development, specially designed content instruction delivered in English, and content instruction delivered in the pupils' primary languages." Our sample of teachers selected for testing included one that lacked the appropriate credentials to instruct limited English proficient pupils. This is a repeat finding from 2017-18.	71000	We recommend that the District create a process to ensure all teachers who teach Limited English Proficient students have the proper credential on file.	Implemented.

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To the Board of Education
Las Virgenes Unified School District
Calabasas, California

In planning and performing our audit of the basic financial statements of Las Virgenes Unified School District for the year ending 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 basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity 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 December 8, 2020, on the financial statements of Las Virgenes Unified School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: During our review of disbursements, we noted that approvals are not consistently obtained prior to making a purchase. We noted exceptions in 3 of 25 expenditures at Agoura High. No approval exceptions were noted at our testing at AC Stelle Middle School or Calabasas High School.

> ***Recommendation:*** As a best practice, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. Education Code Section 48933(b) requires all payments from ASB funds be authorized by a student representative, an advisor, and a district representative prior to disbursing the funds. Adequate supporting documentation should so be retained for all expenditures.

Observation: At AC Stelle Middle School, AE Wright Middle School, Lindero Middle School, Calabasas High School, and Agoura High School, we noted the June bank statement had reconciling items older than six months.

At AE Wright we noted an outstanding deposit that was two weeks old on the June 30, 2020 statement and did not clear in the subsequent month. Deposits should not remain outstanding for more than the few days required for the bank to process the deposit. We did note that the school had reverted to remote learning in March due to the COVID-19 pandemic and had limited staff on campus.

> ***Recommendation:*** We recommend that checks older than six months should be investigated and canceled, if appropriate. Deposits that remain outstanding for more than a week should also be investigated and reviewed against deposit records.

DISTRICT OFFICE

Observation: During our review of disbursements, we noted a few instances where approvals were not finalized prior to making a purchase, based upon purchase order dates and other approval documentation. We did note that for the 2019-20 fiscal year, the county in which the District operates had transitioned to a new financial software, and the county implementation may have created some complications in PO dates and therefore contributed to these exceptions, especially since nearly all the exceptions were noted in the first three months of the fiscal year.

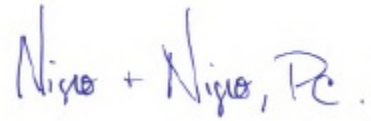
> ***Recommendation:*** As a best practice, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of funds.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
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We will review the status of the current year comments during our next audit engagement.



Murrieta, California
December 8, 2020