LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2015

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2015
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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Livermore Valley Joint Unified School District
Livermore, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livermore Valley Joint Unified School District, as of and for the fiscal year ended June 30, 2015, 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 *2014-15 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, each major fund, and the aggregate remaining fund information of Livermore Valley Joint Unified School District, as of June 30, 2015, 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 | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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Emphasis of Matter
As discussed in Note 1.J. to the basic financial statements, the District has changed its method for accounting and reporting for pensions during fiscal year 2014-15 due to the adoption of Governmental Accounting Standards Board Statement No. 68, *"Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27"* and No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68"*. The adoption of these standards required retrospective application resulting in a $102,182,095 reduction of previously reported net position at July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, budgetary comparison information on page 46, schedule of funding progress on page 47, schedule of proportionate share of the net pension liability on page 48, and schedule of contributions on page 49 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information on pages 52 to 55 and the schedule of expenditures of federal awards on page 56 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 pages 51 and 57 have 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 them.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 3, 2015 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 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.

Nigro+Nigro, PC

Murrieta, California
December 3, 2015

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the District for the year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 (Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments) issued June 1999. Certain comparative information between the current and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

This section provides an overview of the District's financial activities.

- The District ended the 2014-15 fiscal year with a General Fund ending balance of approximately $5.8 million. Of this amount, $1.4 million is from restricted programs to be used in 2015-16 and $0.8 million is committed for revolving cash, stores inventory, and encumbered expenses. The remaining $3.6 million has been designated as a reserve for economic uncertainties by the Board of Education.

- The District's largest operating expenditures are salaries and benefits. In 2015, the Board of Education approved a 4.75% competitive compensation increase to the California School Employee Association (CSEA) and a 4.25% competitive compensation increase plus $400 towards medical benefits to the Livermore Education Association (LEA), Service Employees International Union (SEIU) and all other non-bargaining units.

FUND FINANCIAL STATEMENTS

The District tracks revenue and expenditures for accounting purposes through thirteen active funds. Some funds are required by bond covenants and by State law and other funds are established by the District to control and manage a variety of activities for particular purposes, such as repaying its long-term debts. The detailed information about the most significant funds is provided in the fund financial statements.

The District maintains three classes of funds:

1. **Governmental funds**: Most of the District's basic services are included in governmental funds, which include the General Fund (01), the Building Fund (21), the Capital Facilities Fund (25), the County Schools Facility Fund (35), the Bond Interest and Redemption Fund (51), special revenue funds (11, 12, and 13), and special reserve funds (14, 17, and 20). These funds generally focus on how cash and other financial assets flow into and out of those funds and the balances left at year-end that are available for spending in subsequent years. Consequently, the governmental funds statements provide a detailed short-term view that helps in the determination of 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.

FUND FINANCIAL STATEMENTS (continued)

2. **Proprietary funds:** The proprietary fund category includes Enterprise and Internal Service Funds. The Internal Service funds report activities that provide supplies and services for other programs and activities of the District. The District has no Enterprise funds. Proprietary funds are reported in the same way as the district-wide statements. Currently, the District has one internal service fund—the Property Self-Insurance Fund (67).

3. **Fiduciary funds:** The fiduciary funds record assets that are not technically the property of the District, such as scholarship funds and student activities funds. In this category, the District has several Student Body Funds and one Scholarship Fund (73). The District, as trustee or fiduciary, is responsible by law for ensuring that these funds are used only for their intended purpose and by those to whom the assets belong. The District reports the activity in each fund in a separate statement of net position. The transactions in these funds are excluded from the district-wide financial statements because the assets are unavailable for use by the District.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets and liabilities of the District as of the end of the fiscal year. It is prepared using the accrual basis of accounting, which is similar to that used by most private-sector businesses. The Statement of Net Position is a "point in time" financial statement. Its purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data for assets, deferred outflows/inflows, liabilities (current and non-current) and net position (assets plus deferred outflows minus liabilities minus deferred inflows).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amount owed by the District to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of those assets for expenditure.

The difference between total assets, deferred outlows and total liabilities, deferred inflows (net position) is one indicator of the current financial condition of the District. The change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. In this regard, assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The net position is presented in two major categories. The first category provides the information in regards to equity amounts in property, plant, and equipment owned by the District. The second category provides information on unrestricted net position that is available for obligations as may be approved by the Board of Education.

STATEMENT OF NET POSITION (continued)

The Statement of Net Position as of June 30, 2014 and June 30, 2015 is summarized below:

	2014 [2]	2015
Assets		
Cash [1]	$ 22,727,573	$ 22,159,011
Accounts receivable and prepaid expenditures	12,368,344	7,972,995
Stores inventories	297,501	256,763
Net OPEB asset	1,206,112	979,806
Capital assets, net	144,433,022	140,975,345
Total Assets	181,032,552	172,343,920
Deferred Outflows of Resources		
Amounts contributed after measurement date	6,224,692	6,871,417
Deferred charges on refunding	1,245,355	1,296,959
Total Deferred Outflows of Resources	7,470,047	8,168,376
Liabilities		
Long-term liabilities	199,191,187	172,218,977
Other liabilities	14,816,116	10,834,602
Total Liabilities	214,007,303	183,053,579
Deferred Inflows of Resources		
Differences between projected and actual earnings on plan investments	-	23,109,686
Adjustments due to differences in proportionate share	-	273,952
Total Deferred Inflows of Resources	-	23,383,638
Net Position		
Net investment in capital assets	56,083,363	56,638,342
Restricted	12,769,890	14,729,026
Unrestricted	(94,357,957)	(97,292,289)
Total Net Position	$ (25,504,704)	$ (25,924,921)

[1] Includes bond funds on deposit with the Alameda County Treasurer.
[2] As restated

- Cash is invested with the Alameda County Treasury as is explained in the notes accompanying the financial statements.
- Accounts receivable are primarily amounts due from State and Federal government for the operation of categorical programs.
- Long term liabilities now include the State Teachers Retirement System (STRS) and Public Employee Retirement System (PERS) net pension liability based on GASB 68.
- Other liabilities consist of accounts payable to vendors, payroll and related expenses as well as revenues for categorical programs deferred to the next fiscal year.

STATEMENT OF ACTIVITIES

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Activities. The purpose of this statement is to present the total revenues earned, whether received or not and the total expenses incurred, whether paid or not, by all the District's governmental funds. Thus, this Statement presents the District's results of operations in all governmental and proprietary funds.

The Statement of Activities for the year ended June 30, 2014 and for the year ended June 30, 2015 is summarized below:

	2014 [1]	2015
Revenues		
Program revenues:		
Charges for services	$ 120,454	$ 236,859
Operating grants and contributions	19,474,505	20,630,182
Capital grants and contributions	30,779	-
General revenues:		
Property taxes	52,173,124	54,210,857
Grants, subsidies and contributions unrestricted	43,261,154	47,601,977
Interest and investment earnings	57,265	57,023
Transfers from other agencies	713,305	619,535
Other	3,297,311	7,074,353
Total revenues	119,127,897	130,430,786
Expenses		
Instruction	72,441,241	76,382,719
Instruction related services	11,999,032	12,917,552
Pupil services	10,838,875	11,480,866
Ancillary services	1,069,124	925,975
Community services	110,169	242,015
General administration	6,383,908	5,608,002
Plant services	12,930,830	12,012,203
Transfers between agencies	5,436,587	1,853,533
Other outgo and debt service	3,812,599	5,056,732
Depreciation (unallocated)	4,389,441	4,371,406
Total expenses	129,411,806	130,851,003
Increase (decrease) in Net Position	(10,283,909)	(420,217)
Net Position, Beginning of Year - as restated	(14,950,117)	(25,504,704)
Net Position, End of Year	$ (25,234,026)	$ (25,924,921)

[1] As Restated

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District had $141.0 million invested in net capital assets, primarily related to land, buildings, and other capital improvements.

Note 6 to the financial statement provides additional information on capital assets. A summary of capital assets, net of depreciation, is presented below:

	2014	2015
Land	$ 7,758,228	$ 7,758,228
Improvements of Sites	9,893,137	9,271,912
Buildings	126,377,695	123,495,976
Equipment	318,006	282,335
Construction in Progress	85,956	166,894
Net capital assets	$ 144,433,022	$ 140,975,345

Debt Administration

Note 7 to the financial statement provides additional information on outstanding debt. A summary of the District's outstanding debt at year-end is presented below:

	2014 [1]	2015
General Obligation Bonds	$ 88,030,000	$ 76,350,000
Unamortized Premium	1,359,605	8,504,737
Capital Leases	289,881	114,972
Net Pension Liability	108,429,608	86,297,345
Compensated Absences	1,082,093	951,923
Net long-term debt	$ 199,191,187	$ 172,218,977

[1] As Restated

GENERAL FUND BUDGET

During the fiscal year, the Board of Education authorized revisions to the original budget to take account of differences in actual expenditures. A summary budgetary comparison schedule for the General Fund is presented on page 46.

Variations between the original and final budget amounts were primarily due to carryover of unspent dollars and new funding for categorical programs. These amounts were unknown at the time the original budget was adopted.

The excess of expenditures over appropriations for employee benefits was due to booking the STRS on-behalf payment (GASB 68) as well as the offsetting revenue adjustment in Other State Revenue. The State notified the District in July 2015 that these entries were needed.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

Local Control Funding Formula (LCFF)

Our single largest source of funding is State funds. In 2013-14, the State Budget incorporated the new Local Control Funding Formula (LCFF). The LCFF replaced the Revenue Limit and most State categorical programs. It uses base grants per pupil, with supplemental funding provided for students who are English learners, foster youth, or eligible for the Free and Reduced-Price Meals (FRPM) Program. The base grant will be further adjusted by grade level to provide for smaller class sizes in the early elementary years and for career-technical education in high school. The new formula will be phased in over several years and is expected to be fully implemented by 2020-21.

Local Control and Accountability Plan (LCAP)

The Local Control and Accountability Plan (LCAP) is an important component of the Local Control Funding Formula (LCFF), the State's new way of funding school districts. The LCAP utilizes a standardized template to describe how our district will address State and local priorities for all students and for specific student groups defined in Education Code. The Plan includes goals and associated measures to monitor progress as well as action steps and associated budget amounts for those actions. Everything that is budgeted in the LCAP is in the District's LCFF. Everything in LCFF is not in the LCAP. The LCAP is not a budget document, dollar amounts cannot be meaningfully added together. It is a plan for meeting State and local priorities. The LCAP was developed with input from community and stakeholder groups including parents, teachers, support staff, administrators and bargaining unit groups and is available for viewing on our website.

Projected Student Average Daily Attendance (ADA)

The most important component in calculating revenue is Average Daily Attendance (ADA). ADA drives the revenue formulas. One ADA = 180 days of attendance for one student. Each day that a student is present earns the District approximately $48 in State revenue. Any absence, even an excused absence, reduces the District's revenue by the same amount per student.

Year	P2 ADA	Percent Growth %
1998-99 (actual)	12,758	1.17%
1999-00 (actual)	12,987	1.77%
2000-01 (actual)	13,335	2.53%
2001-02 (actual)	13,344	.07%
2002-03 (actual)	13,509	1.22%
2003-04 (actual)	13,616	.79%
2004-05 (actual)	13,425	(1.40%)
2005-06 (actual)	12,891	(3.98%)
2006-07 (actual)	12,917	.20%
2007-08 (actual)	12,705	(1.70%)
2008-09 (actual)	12,637	(0.54%)
2009-10 (actual)	12,375	(2.07%)
2010-11 (actual)	12,326	(0.39%)
2011-12 (actual)	12,349	.19%
2012-13 (actual)	12,227	(0.99%)
2013-14 (actual)	12,086	(1.16%)
2014-15 (actual)	12,091	.04%
2015-16 (estimate)	12,153	.51%

Note: The above figures reflect total District P2 ADA, with the exception of Adult Ed and ROP.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE (continued)

Parcel Tax

Livermore Community approved the Measure G parcel tax in June 2014. This is a seven year extension to the Measure M parcel tax of $138 which expired in June 2015. The income from this tax retains programs that were previously cut to maintain the fiscal health of the District. Beginning 2015-16 and continuing through 2021-22, the Measure G parcel tax is providing:

- Provide advanced courses in math, science and engineering
- Keep school well-maintained
- Attract and retain highly qualified teachers
- Provide elementary school science and technology specialists
- Keep classroom technology and instructional materials up-to-date
- To the extent funds are available, maintain academic programs, including the purchase of instructional equipment, materials and supplies.

Charter School

Livermore Valley Charter School was approved by the State to open for the 2005-06 school year. The State also approved the Livermore Valley Charter Preparatory High School which opened in 2010-11. The District now has fiscal oversight over both the K-8 school and the high school.

State Budget Overview

The State budget was approved on-time and was subsequently signed by the Governor on June 24, 2015. Thanks to burgeoning State revenue growth and the Proposition 98 guarantee, the final 2015-16 State Budget contained unprecedented funding increases for K-14 education. Much of this funding is one-time in nature. The State continues to close the gap in the Local Control Funding Formula and it is on target to be fully funded by 2020-21.

All of these factors were considered in preparing the Livermore Valley Joint Unified School District budget for the 2015-16 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the community, investors, creditors, etc. with a general overview of the District's financial condition and to show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact Susan Kinder, Chief Business Official, Livermore Valley Joint Unified School District, 685 E. Jack London Blvd., Livermore, CA

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Total Governmental Activities
ASSETS	
Cash	$ 22,159,011
Accounts receivable	7,972,995
Inventories	256,763
Net OPEB asset	979,806
Nondepreciable assets	7,925,122
Depreciable capital assets	194,840,138
Less accumulated depreciation	(61,789,915)
Total assets	172,343,920
DEFERRED OUTFLOWS OF RESOURCES	
Amounts contributed after measurement date	6,871,417
Deferred charges on refunding	1,296,959
Total deferred outflows of resources	8,168,376
LIABILITIES	
Accounts payable	9,354,262
Unearned revenue	1,480,340
Long-term Debt:	
Portion due or payable within one year	6,199,363
Portion due or payable after one year	166,019,614
Total liabilities	183,053,579
DEFERRED INFLOWS OF RESOURCES	
Differences between projected and actual earnings on plan investments	23,109,686
Adjustments due to differences in proportionate share	273,952
Total deferred inflows of resources	23,383,638
NET POSITION	
Net investment in capital assets	56,638,342
Restricted for:	
Capital projects	5,156,090
Debt service	7,705,252
Categorical programs	1,867,684
Unrestricted	(97,292,289)
Total Net Position	$ (25,924,921)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Instructional Services:					
Instruction	$ 76,382,719	$ 193,381	$ 11,545,957	$ -	$ (64,643,381)
Instruction-related services:					
Supervision of instruction	3,560,618	8,197	960,941	-	(2,591,480)
Instructional library, media and technology	2,469,483	28	27,838	-	(2,441,617)
School site administration	6,887,451	6	208,574	-	(6,678,871)
Pupil support services:					
Home-to-school transportation	1,392,048	6,522	363,203	-	(1,022,323)
Food services	3,248,532	-	1,754,701	-	(1,493,831)
All other pupil services	6,840,286	16,324	1,692,786	-	(5,131,176)
General administration services:					
Data processing services	290,082	-	-	-	(290,082)
Other general administration	5,317,920	5,275	166,816	-	(5,145,829)
Plant services	12,012,203	-	833,204	-	(11,178,999)
Ancillary services	925,975	8	236,761	-	(689,206)
Community services	242,015	-	63,521	-	(178,494)
Transfers between agencies	1,853,533	-	-	-	(1,853,533)
Interest on long-term debt	5,056,732	-	-	-	(5,056,732)
Other outgo	-	7,118	2,775,880	-	2,782,998
Depreciation (unallocated)	4,371,406	-	-	-	(4,371,406)
Total Governmental Activities	$ 130,851,003	$ 236,859	$ 20,630,182	$ -	(109,983,962)

General Revenues:	
Property taxes	54,210,857
Federal and state aid not restricted to specific purpose	47,601,977
Interest and investment earnings	57,023
Interagency revenues	619,535
Miscellaneous	7,074,353
Total general revenues	109,563,745
Change in net position	(420,217)
Net position - July 1, 2014, as originally stated	76,677,391
Adjustment for restatement (Note 1.J.)	(102,182,095)
Net position - July 1, 2014, as restated	(25,504,704)
Net position - June 30, 2015	$ (25,924,921)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 7,977,760	$ 5,001,900	$ 7,700,715	$ 969,216	$ 21,649,591
Accounts receivable	7,439,282	207,372	4,537	321,671	7,972,862
Inventories	188,962	-	-	67,801	256,763
Total Assets	$ 15,606,004	$ 5,209,272	$ 7,705,252	$ 1,358,688	$ 29,879,216
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 7,697,990	$ 56,025	$ -	$ 123,559	$ 7,877,574
Unearned revenue	1,412,033	-	-	68,307	1,480,340
Total Liabilities	9,110,023	56,025	-	191,866	9,357,914
Fund Balances					
Nonspendable	238,962	-	-	67,801	306,763
Restricted	1,356,914	5,153,247	7,705,252	1,078,518	15,293,931
Assigned	1,289,528	-	-	20,503	1,310,031
Unassigned	3,610,577	-	-	-	3,610,577
Total Fund Balances	6,495,981	5,153,247	7,705,252	1,166,822	20,521,302
Total Liabilities and Fund Balances	$ 15,606,004	$ 5,209,272	$ 7,705,252	$ 1,358,688	$ 29,879,216

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds		$ 20,521,302
Capital assets used in *governmental activities* are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $202,765,260, and the accumulated depreciation is $61,789,915.		140,975,345
In government 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:		(1,377,299)
In governmental funds, other postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period that they are incurred. The net OPEB asset at the end of the period was:		979,806
In governmental funds, deferred amounts on debt refundings 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:		1,296,959
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:		
Deferred outflows of resources related to pensions	6,871,417	
Deferred inflows of resources related to pensions	(23,383,638)	(16,512,221)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	76,350,000	
Unamortized premium	8,504,737	
Capital leases payable	114,972	
Net pension liability	86,297,345	
Compensated absences payable	951,923	(172,218,977)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		410,164
Total net position - governmental activities		$ (25,924,921)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2015

REVENUES	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
LCFF sources	$ 86,210,285	$ -	$ -	$ 120,776	$ 86,331,061
Federal sources	4,953,400	-	-	1,699,876	6,653,276
Other state sources	8,367,091	80,305	63,753	795,338	9,306,487
Other local sources	13,165,996	2,840,913	8,300,385	1,348,689	25,655,983
Total Revenues	112,696,772	2,921,218	8,364,138	3,964,679	127,946,807
EXPENDITURES					
Current:					
Instruction	74,577,040	-	-	148,615	74,725,655
Instruction-related services:					
Supervision of instruction	3,513,770	-	-	-	3,513,770
Instructional library, media and technology	2,493,435	-	-	-	2,493,435
School site administration	6,925,840	-	-	143,433	7,069,273
Pupil support services:					
Home-to-school transportation	1,392,440	-	-	-	1,392,440
Food services	-	-	-	3,267,091	3,267,091
All other pupil services	6,721,556	-	-	-	6,721,556
Ancillary services	918,633	-	-	-	918,633
Community services	244,015	-	-	-	244,015
General administration services:					
Data processing services	290,082	-	-	-	290,082
Other general administration	5,284,387	-	-	-	5,284,387
Plant services	11,349,581	-	-	27,583	11,377,164
Transfers of indirect costs	(145,422)	-	-	145,422	-
Capital outlay	-	1,192,584	-	418,279	1,610,863
Intergovernmental transfers	1,192,386	-	-	661,147	1,853,533
Debt Service:					
Principal	174,909	-	5,210,000	-	5,384,909
Interest	7,905	-	4,629,414	-	4,637,319
Issuance costs	-	-	328,031	-	328,031
Total Expenditures	114,940,557	1,192,584	10,167,445	4,811,570	131,112,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,243,785)	1,728,634	(1,803,307)	(846,891)	(3,165,349)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	11,561	-	-	-	11,561
Interfund transfers out	-	(696)	-	(10,865)	(11,561)
Proceeds from refunding bonds	-	-	52,810,000	-	52,810,000
Premiums on long-term debt	-	-	8,277,577	-	8,277,577
Transfers to escrow agent for defeased debt	-	-	(58,951,969)	-	(58,951,969)
Total Other Financing Sources and Uses	11,561	(696)	2,135,608	(10,865)	2,135,608
Net Change in Fund Balances	(2,232,224)	1,727,938	332,301	(857,756)	(1,029,741)
Fund Balances, July 1, 2014	8,728,205	3,425,309	7,372,951	2,024,578	21,551,043
Fund Balances, June 30, 2015	$ 6,495,981	$ 5,153,247	$ 7,705,252	$ 1,166,822	$ 20,521,302

LIVERMORE VALLEY JOINT 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, 2015

Total net change in fund balances - governmental funds		$ (1,029,741)
Amounts reported for governmental *activities* in the statement of activities are different because:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	921,716	
Depreciation expense	(4,371,406)	
Net:		(3,449,690)
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:		(7,987)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		64,664,909
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(627,471)
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt:		(61,087,577)
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, is:		196,210
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:		1,132,445
In governmental funds, other postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period that they are incurred. The decrease in the net OPEB asset at the end of the period was:		(226,306)
In the statement of activities, certain operating expenses such as 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). This year, vacation leave used exceeded the amounts earned by:		130,170
The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred charges on the refunding and are amortized over the life of the liability. Amortization of the deferred charges in the current year was:		51,604
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental activities in the statement of activities. The net decrease in internal service funds was:		(166,783)
Change in net position of governmental activities		$ (420,217)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2015

	Governmental Activities Internal Service Fund
ASSETS	
Cash	$ 509,420
Accounts receivable	133
Total Assets	509,553
LIABILITIES	
Estimated liability for open claims	99,389
Total liabilities	99,389
NET POSITION	
Restricted	$ 410,164

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges to other funds	$ 450,000
OPERATING EXPENSES	
Classified salaries	36,019
Employee benefits	3,146
Books and supplies	3,547
Services and other operating expenditures	575,070
Total operating expenses	617,782
Operating Income (Loss)	(167,782)
NON-OPERATING REVENUES	
Interest income	999
Change in net position	(166,783)
Net position, July 1, 2014	576,947
Net position, June 30, 2015	$ 410,164

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from self-insurance premiums	$ 450,000
Cash paid for operating expenses	(721,607)
Net cash provided (used) by operating activities	(271,607)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	5,026
Net increase (decrease) in cash	(266,581)
Cash, July 1, 2014	776,001
Cash, June 30, 2015	$ 509,420
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	$ (167,782)
Changes in Operating Assets and Liabilities	
Decrease in accounts payable and estimated liability for open claims	(103,825)
Net Cash Provided (Used) by Operating Activities	$ (271,607)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2015

	Agency Funds	Trust Fund	
	Student Body Funds	**Scholarship Fund**	**Total**
ASSETS			
Cash	$ 1,109,144	$ 94,893	$ 1,204,037
Total Assets	1,109,144	94,893	1,204,037
LIABILITIES			
Accounts payable	$ -	1,000	$ 1,000
Due to student groups	1,109,144	-	1,109,144
Total Liabilities	$ 1,109,144	1,000	1,110,144
NET POSITION			
Restricted for student scholarships		$ 93,893	$ 93,893

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015

	Trust Fund Scholarship Fund
ADDITIONS	
Other local sources	$ 10,310
Total Additions	10,310
DEDUCTIONS	
Books and supplies	136
Other services & operating expenses	1,000
Total Deductions	1,136
Change in net position	9,174
Net position - July 1, 2014	84,719
Net position - June 30, 2015	$ 93,893

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Livermore Valley Joint 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 Livermore Valley Joint Unified School 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

Government-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 (and blended component units). 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)
Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District also maintains a Deferred Maintenance Fund, a Special Reserve Fund for Other Than Capital Outlay Projects, and a Special Reserve Fund for Postemployment Benefits. Under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, the Deferred Maintenance Fund does not currently meet the definition of a special revenue fund as it is no longer primarily composed of restricted or committed revenue sources. In addition, the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits are not substantially composed of restricted or committed revenue sources. Because these funds do not meet the definition of special revenue funds under GASB 54, the activity in those funds is being reported within the General Fund.

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

Bond Interest and Redemption Fund: This fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

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

Special Revenue Funds:

Adult Education Fund: This fund is used to account for resources committed to adult education programs maintained by the District.

Child Development Fund: This fund is used to account for revenues received and expenditures made to the child development program subcontracted by the District.

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds:

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds and the sale of property.

County Schools Facilities Fund: This fund is used to account for state apportionments provided under the SB50 School Facilities Program for construction and modernization of school facilities.

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 fund:

Self-Insurance Fund: This fund may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a property and liability program that is accounted for in a self-insurance service fund.

Fiduciary Funds
Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary funds:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not. This fund is used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The District operates six Associated Student Body funds.

Scholarship Fund*:* This fund is used to account for the Leo R. Croce Elementary School scholarship established in 1991 and the Hindu scholarship.

2. Measurement Focus, Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Measurement Focus, Basis of Accounting (continued)

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

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.

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 and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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 (continued)

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. The District has two items that qualify for reporting in this category. The first item is to recognize contributions made to the pension plan after the measurement date of the net pension liability. The second is deferred amount on refunding, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

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. The District has two items that are reported as deferred inflows of resources. The first item is to recognize the differences between projected and actual earnings on plan investments. The second is to recognize the District's proportionate share of the deferred inflows of resources related to its pension plans as more fully described in the footnote entitled "Pension Plans".

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid and accumulated annual 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. 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.

8. 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)

8. 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.

9. 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 not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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. Self-Insurance Internal Service Fund

The District is self-insured for property damage and for general liability up to $50,000 per claim. The General Fund is charged premiums by the Self-Insurance Fund, which is accounted for as an Internal Service Fund. The District also participates in a joint powers authority, which provides excess worker's compensation coverage for the District. On the government-wide financial statements, the Internal Service Fund activity is eliminated to avoid doubling of revenues and expenditures

J. New GASB Pronouncements

During the 2014-15 fiscal year, the following GASB Pronouncements became effective:

1. **Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 (Issued 06/12)***

   The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New GASB Pronouncements (continued)

1. Statement No. 68 (continued)

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Cost-Sharing Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68 (Issued 11/13)*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net position liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New GASB Pronouncements (continued)

2. Statement No. 71 (continued)

At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

3. Cumulative Effect of Change in Accounting Principle

Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards was to decrease the net position at July 1, 2013 by $102,182,095, which is the amount of net pension liability, net of the deferred outflows of resources related to pensions at July 1, 2014.

NOTE 2 – CASH

Cash at June 30, 2015, is reported at fair value and consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Funds
Pooled Funds:				
Cash in County Treasury	$ 21,594,191	$ 484,420	$ 22,078,611	$ 94,893
Deposits:				
Cash on hand and in banks	5,400	25,000	30,400	1,109,144
Cash in revolving fund	50,000	-	50,000	-
Total deposits	55,400	25,000	80,400	1,109,144
Total cash	$ 21,649,591	$ 509,420	$ 22,159,011	$ 1,204,037

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, 2015, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

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. Deposits held in noninterest bearing transaction accounts are fully insured regardless of the amount in the account through December 31, 2012, and other 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, 2015, $1,180,497 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, 2015, consisted of the following:

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
Federal Government:						
Categorical aid programs	$ 2,952,570	$ -	$ -	$ 302,398	$ 3,254,968	$ -
State Government:						
LCFF	1,394,612	-	-	-	1,394,612	-
Lottery	1,130,047	-	-	-	1,130,047	-
Categorical aid programs	758,215	-	-	17,630	775,845	-
Local:						
Special education	562,943	-	-	-	562,943	-
Interest	751	2,990	4,537	1,643	9,921	133
Developer fees	-	204,382	-	-	204,382	-
Other local	640,144	-	-	-	640,144	-
Totals	$ 7,439,282	$ 207,372	$ 4,537	$ 321,671	$ 7,972,862	$ 133

NOTE 4 – INTERFUND TRANSACTIONS

Transfers To/From Other Funds

Transfers to/from other funds at June 30, 2015, consisted of the following:

Adult Education Fund transfer to General Fund for retiree benefits	$ 843
Cafeteria Fund transfer to General Fund for retiree benefits	10,022
Capital Facilities Fund transfer to General Fund for retiree benefits	696
Total	$ 11,561

During 2014-15, $2,100,000 was transferred from the Special Reserve Fund for Postemployment Benefits for operational needs and $1,231 was transferred from the Deferred Maintenance Fund to the General Fund for retiree benefits. These have been excluded or reclassified in accordance with GASB 54.

NOTE 5 – FUND BALANCES

At June 30, 2015, fund balances of the District's governmental funds were classified as follows:

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 50,000	$ -	$ -	$ -	$ 50,000
Stores inventories	188,962	-	-	67,801	256,763
Total Nonspendable	238,962	-	-	67,801	306,763
Restricted:					
Categorical programs	1,356,914	-	-	-	1,356,914
Food service	-	-	-	442,969	442,969
Capital projects	-	5,153,247	-	635,549	5,788,796
Debt service	-	-	7,705,252	-	7,705,252
Total Restricted	1,356,914	5,153,247	7,705,252	1,078,518	15,293,931
Assigned:					
Adult education program	-	-	-	20,358	20,358
Child development program	-	-	-	145	145
Deferred maintenance program	549,648	-	-	-	549,648
Postemployment benefits	165,230	-	-	-	165,230
Other designations	574,650	-	-	-	574,650
Total Assigned	1,289,528	-	-	20,503	1,310,031
Unassigned:					
Reserve for economic uncertainties	3,424,070	-	-	-	3,424,070
Remaining unassigned balances	186,507	-	-	-	186,507
Total Unassigned	3,610,577	-	-	-	3,610,577
Total	$ 6,495,981	$ 5,153,247	$ 7,705,252	$ 1,166,822	$ 20,521,302

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Retirements	Balance, June 30, 2015
Capital assets not being depreciated:				
Land	$ 7,758,228	$ -	$ -	$ 7,758,228
Construction in progress	85,956	166,894	85,956	166,894
Total capital assets not being depreciated	7,844,184	166,894	85,956	7,925,122
Capital assets being depreciated:				
Improvement of sites	17,941,474	-	-	17,941,474
Buildings	173,604,310	779,198	-	174,383,508
Equipment	2,533,245	61,580	79,669	2,515,156
Total capital assets being depreciated	194,079,029	840,778	79,669	194,840,138
Accumulated depreciation for:				
Improvement of sites	(8,048,337)	(621,225)	-	(8,669,562)
Buildings	(47,226,615)	(3,660,917)	-	(50,887,532)
Equipment	(2,215,239)	(89,264)	(71,682)	(2,232,821)
Total accumulated depreciation	(57,490,191)	(4,371,406)	(71,682)	(61,789,915)
Total capital assets being depreciated, net	136,588,838	(3,530,628)	7,987	133,050,223
Governmental activity capital assets, net	$ 144,433,022	$ (3,363,734)	$ 93,943	$ 140,975,345

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2015, were as follows:

	Balance, July 1, 2014*	Additions	Deductions	Balance, June 30, 2015	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	$ 88,030,000	$ 52,810,000	$ 64,490,000	$ 76,350,000	$ 5,505,000
Unamortized issuance premium	1,359,605	8,277,577	1,132,445	8,504,737	579,391
Subtotal General Obligation Bonds	89,389,605	61,087,577	65,622,445	84,854,737	6,084,391
Capital Leases	289,881	-	174,909	114,972	114,972
Net Pension Liability	108,429,608	-	22,132,263	86,297,345	-
Compensated Absences	1,082,093	-	130,170	951,923	-
Totals	$ 199,191,187	$ 61,087,577	$ 88,059,787	$ 172,218,977	$ 6,199,363

*Beginning balance has been restated for the net pension liability in accordance with GASB No. 68.

Payments for general obligation bonds are made by the Bond Interest and Redemption fund. Capital leases are paid for by the General and Building Funds. Accumulated vacation will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

1999 Election
On March 2, 1999, a special election was held at which more than two-thirds of the voters in the District approved Measure "L", which authorized the issuance and sale of $150 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of the interest on, and the principal of the bonds.

The bonds were issued for the purpose of financing the improvement of health and safety conditions of the District's facilities, including the renovation of roofing, heating, plumbing and air-conditioning systems, the acquisition and construction of a new library and community center, and the acquisition, renovation, and construction of other necessary facilities. The District has entered into joint-use agreements with the City of Livermore and Livermore Area Park and Recreation District for the operation of the library and community center, respectively.

2010 General Obligation Refunding Bonds
On May 4, 2010, the District issued $33,840,000 of 2010 General Obligation Refunding Bonds. The bonds consist of serial bonds bearing fixed rates ranging from 2.0 to 5.0 percent with annual maturities from August 2011 through August 2026. The net proceeds of $34,470,935 (after underwriter's discount of $301,176, issuance costs of $122,608, plus premium of $1,054,719) were used to advance refund $17,750,000 of the District's outstanding Election of 1999, Series 2000 General Obligation Bonds and $15,215,000 of the Election of 1999, Series 2001 General Obligation Bonds, in addition to paying the costs of issuance associated with the refunding bonds. Deferred amounts on refunding of $1,149,558 remain to be amortized.

2014 Refunding General Obligation Bonds
On November 18, 2014, the District issued $52,810,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 2.0%-5.0% with annual maturities from August 1, 2015 through August 1, 2029. The net proceeds of $60,759,546 (after premiums of $8,277,577 and issuance costs of $328,031) were used to prepay the District's outstanding General Obligation Bonds.

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

2014 Refunding General Obligation Bonds (continued)
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 bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds 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 charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred charges on refunding of $157,228 remain to be amortized. As of June 30, 2015, the entire principal balance outstanding on the defeased debt was paid off.

The refunding decreased the District's total debt service payments by $11,623,456. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of $8,907,629.

The outstanding general obligation bonds issued by the District as of June 30, 2015, are:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015
2002	8/15/2002	8/1/2027	3.0% - 5.0%	$ 20,000,000	$ 14,070,000	$ -	$ 14,070,000	$ -
2005	8/2/2005	8/1/2030	3.1% - 7.5%	30,000,000	24,185,000	-	24,185,000	-
2006	8/1/2006	8/1/2031	4.2% - 6.0%	27,000,000	23,585,000	-	23,585,000	-
Refunding	5/4/2010	8/1/2026	2.0% - 5.0%	33,840,000	26,190,000	-	2,650,000	23,540,000
Refunding	11/18/2014	8/1/2029	2.0% - 5.0%	52,810,000	-	52,810,000	-	52,810,000
					$ 88,030,000	$ 52,810,000	$ 64,490,000	$ 76,350,000

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2015, are as follows:

Fiscal Year	Principal	Interest	Total
2015-2016	$ 5,505,000	$ 3,232,069	$ 8,737,069
2016-2017	4,340,000	3,080,394	7,420,394
2017-2018	4,535,000	2,918,200	7,453,200
2018-2019	4,755,000	2,729,569	7,484,569
2019-2020	4,965,000	2,519,156	7,484,156
2020-2025	29,390,000	8,777,725	38,167,725
2025-2030	22,860,000	2,320,103	25,180,103
Totals	$ 76,350,000	$ 25,577,216	$ 101,927,216

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

B. Capital Leases

The District leases equipment valued at $328,112 under agreements that provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Fiscal Year		Lease Payment
2015-2016		$ 119,358
	Less Amount Representing Interest	(4,386)
	Present Value of Net Minimum Lease Payments	$ 114,972

The District will receive no sublease rental revenues to pay any contingent rentals for the equipment.

NOTE 8 – JOINT VENTURES

Livermore Valley Joint Unified School District participates in a joint venture under a joint powers agreement (JPA) with the Alameda County Schools Insurance Group (ACSIG). The District also participated in Northern California ReLiEF for excess property and liability insurance. The District also participated in the Protected Insurance Program for Schools Authority (PIPS) to pool risk associated with workers' compensation. The relationship between Livermore Valley Joint Unified School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and provide workers' compensation insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Condensed audited financial information as of June 30, 2014, is as follows:

	Northern California ReLiEF	ACSIG	PIPS
Assets	$ 65,717,062	$ 33,646,460	$ 101,635,390
Liabilities	59,524,485	33,839,130	89,564,503
Net Position	$ 6,192,577	$ (192,670)	$ 12,070,887
Revenues	$ 17,174,787	$ 135,004,993	$ 17,667,221
Expenses	36,589,715	130,454,306	22,602,717
Operating Income (Loss)	(19,414,928)	4,550,687	(4,935,496)
Non-Operating Income	570,695	256,449	604,668
Change in Net Position	$ (18,844,233)	$ 4,807,136	$ (4,330,828)

NOTE 9 – 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. 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, 2015.

C. Construction Commitments
As of June 30, 2015, the District has commitments with respect to unfinished capital projects of approximately $1.3 million to be paid from a combination of state and local funds.

NOTE 10 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District participated in the Northern California ReLiEF public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2014-15, the District participated in the ACSIG JPA for workers compensation.

Employee Medical Benefits
The District has contracted with California Valued Trust to provide employee health and welfare benefits.

Claims Liability
The District records an estimated liability for property claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities
The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2013 to June 30, 2015:

	Claims Liability
Liability Balance, July 1, 2013	$ 240,450
Claims and changes in estimates	28,360
Claims payments	(65,596)
Liability Balance, July 1, 2014	203,214
Claims and changes in estimates	71,427
Claims payments	(175,252)
Liability Balance, June 30, 2015	$ 99,389
Assets available to pay claims at June 30, 2015	$ 509,553

NOTE 11 – 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 California Public Employees' Retirement System (CalPERS).

A. General Information about the Pension Plans

Plan Descriptions
The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions under the Plan are established by State statute and District resolution. CalSTRS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalSTRS website.

The District also contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided
CalSTRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2 percent of final compensation for each year of credited service at age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, increasing to a maximum of 2.4 percent at age 63 for members under *CalSTRS 2% at 60*, or age 65 for members under *CalSTRS 2% at 62*. The normal retirement eligibility requirements are age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, with a minimum of five years of service credited under the Defined Benefit Program, which can include service purchased from teaching in an out-of-state or foreign public school. Employees are eligible for service-related disability benefits after five years of service, unless the member is disabled due to an unlawful act of bodily injury committed by another person while working in CalSTRS covered employment, in which case the minimum is one year. Disability benefits are equal to fifty percent of final compensation regardless of age and service credit. Designated recipients of CalSTRS retired members receive a $6,163 lump-sum death payment. There is a 2 percent simple increase each September 1 following the first anniversary of the date on which the monthly benefit began to accrue. The annual 2 percent increase is applied to all continuing benefits other than Defined Benefit Supplement annuities. However, if the member retires with a Reduced Benefit Election, the increase does not begin to accrue until the member reaches age 60 and is not payable until the member receives the full benefit. This increase is also known as the improvement factor.

CalPERS also provides retirement, disability, and death benefits. Retirement benefits are determined as 1.1 percent of final compensation for each year of credited service at age 50 for members under *2% at 55*, or 1.0 percent at age 52 for members under *2% at 62*, increasing to a maximum of 2.5 percent at age 63 for members under *2% at 55*, or age 67 for members under *2% at 62*. To be eligible for service retirement, members must be at least age 50 and have a minimum of five years of CalPERS-credited service. Members joining on or after January 1, 2013 must be at least age 52. Disability retirement has no minimum age requirement and the disability does not have to be job related. However, members must have a minimum of five years of CalPERS service credit.

NOTE 11 – PENSION PLANS (continued)

A. General Information about the Pension Plans (continued)

Benefits Provided (continued)
Pre-retirement death benefits range from a simple return of member contributions plus interest to a monthly allowance equal to half of what the member would have received at retirement paid to a spouse or domestic partner. To be eligible for any type of monthly pre-retirement death benefit, a spouse or domestic partner must have been either married to the member or legally registered before the occurrence of the injury or the onset of the illness that resulted in death, or for at least one year prior to death. Cost-of-living adjustments are provided by law and are based on the Consumer Price Index for all United States cities. Cost-of-living adjustments are paid the second calendar year of the member's retirement on the May 1 check and then every year thereafter. The standard cost-of-living adjustment is a maximum of 2 percent per year.

Contributions
Active CalSTRS plan members were required to contribute 8.15% of their salary in 2014-15. The required employer contribution rate for fiscal year 2014-15 was 8.88% of annual payroll. The contribution requirements of the plan members are established by State statute. Active CalPERS plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. 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 required employer contribution for fiscal year 2014-15 was 11.771%. The contribution requirements of the plan members are established by State statute.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	CalSTRS	CalPERS
Employer contributions	$ 7,582,489	$ 2,143,208
Employee contributions paid by employer	$ -	$ -

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 67,202,550
CalPERS	$ 19,094,795
Total Net Pension Liability	$ 86,297,345

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	CalSTRS*	CalPERS
Proportion - June 30, 2013	0.1150%	0.1701%
Proportion - June 30, 2014	0.1150%	0.1682%
Change - Increase (Decrease)	0.0000%	-0.0019%

* The District's proportionate share percentage was not separately determined for June 30, 2013, so the June 30, 2014 percentage was used to calculate the beginning amounts.

For the year ended June 30, 2015, the District recognized pension expense of $7,498,888. At June 30, 2015, 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	$ 6,871,417	$ -
Adjustment due to differences in proportions	-	(273,952)
Net differences between projected and actual earnings on plan investments	-	(23,109,686)
	$ 6,871,417	$ (23,383,637)

The total amount of $6,871,417 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2016	$ (5,018,484)
2017	$ (5,018,484)
2018	$ (5,018,484)
2019	$ -
2020	$ -
Thereafter	$ -

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Discount Rate	7.60%	7.50%
Inflation	3.00%	2.75%
Wage Growth	3.75%	3.00%
Post-retirement Benefit Increase	2.00%	-
Investment Rate of Return	7.60%	7.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis for more information. The underlying mortality assumptions and all other actuarial assumptions used in the CalPERS June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – for CalSTRS
The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense 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.

Discount Rate – for CalPERS
The discount rate used to measure the total pension liability was 7.50% for CalPERS. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate – for CalPERS (continued)
According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

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

	Target Allocation		Long-Term Expected Rate of Return	
Asset Class	CalSTRS	CalPERS	CalSTRS	CalPERS
Global Equity	47%	47%	4.5%	5.7%
Global Fixed Income	N/A	19%	N/A	2.4%
Inflation Sensitive	5%	6%	3.2%	3.4%
Private Equity	12%	12%	6.2%	7.0%
Real Estate	15%	11%	4.4%	5.1%
Infrastructure and Forestland	N/A	3%	N/A	5.1%
Fixed Income	20%	N/A	0.2%	N/A
Liquidity	1%	2%	0.0%	-1.1%
	100%	100%		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.60%	6.50%
Net Pension Liability	$ 104,751,200	$ 33,496,630
Current Discount Rate	7.60%	7.50%
Net Pension Liability	$ 67,202,550	$ 19,094,795
1% Increase	8.60%	8.50%
Net Pension Liability	$ 35,893,800	$ 7,060,611

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

C. Payable to the Pension Plans
At June 30, 2015, the District reported a payable of $851,537 and $300,358 for the outstanding amount of contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2015.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

Livermore Valley Joint Unified School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

Plan Descriptions and Contribution Information
Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits *	74
Active plan members	1,229
Total	1,303

** As of July 1, 2013 actuarial valuation*

The District provides postemployment benefits for health and dental coverage to certificated employees who retire from the District on or after reaching age 55 with at least ten years of service, and classified employees with fifteen years of service. Eligible retirees will receive coverage for seven years or until reaching age 65, whichever comes first.

The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2014-15, the District contributed $639,194.

Annual OPEB Cost and Net OPEB Obligation
The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	$	843,995
Interest on net OPEB obligation		(48,245)
Adjustment to ARC		69,750
Annual OPEB cost		865,500
Contributions made:		(639,194)
Increase in net OPEB obligation (asset)		226,306
Net OPEB obligation (asset) - July 1, 2014		(1,206,112)
Net OPEB obligation (asset) - June 30, 2015	$	(979,806)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)
The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2014-15 and the three preceding years are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (asset)
2013	$ 921,335	101%	$ (1,521,976)
2014	$ 871,132	62%	$ (1,206,112)
2015	$ 865,500	74%	$ (979,806)

Funded Status and Funding Progress – OPEB Plans
As of July 1, 2013 the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was $6.6 million and the unfunded actuarial accrued liability (UAAL) was $6.6 million.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designated to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	30 year level dollar
Remaining Amortization Period	24 years
Asset Valuation	N/A
Actuarial Assumptions:	
Discount rate	4%
Healthcare cost trend rate:	
Dental / Vision	4%
Medical / Rx	7%

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Required Supplementary Information

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LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual* (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
Revenues				
LCFF Sources	$ 85,310,433	$ 86,124,475	$ 86,210,285	$ 85,810
Federal	4,390,409	5,376,016	4,953,400	(422,616)
Other State	3,722,740	5,486,410	8,367,091	2,880,681
Other Local	10,629,672	13,935,166	13,158,322	(776,844)
Total Revenues	104,053,254	110,922,067	112,689,098	1,767,031
Expenditures				
Current:				
Certificated Salaries	51,032,256	53,867,743	53,855,563	12,180
Classified Salaries	16,430,654	18,285,274	18,328,181	(42,907)
Employee Benefits	20,826,110	21,531,566	24,332,435	(2,800,869)
Books and Supplies	3,435,089	6,833,648	4,441,065	2,392,583
Services and Other Operating Expenditures	11,123,429	12,252,656	12,082,677	169,979
Transfers of indirect costs	(153,518)	(151,184)	(145,422)	(5,762)
Capital Outlay	210,491	228,120	48,776	179,344
Intergovernmental	1,776,638	1,331,072	1,192,386	138,686
Total Expenditures	104,681,149	114,178,895	114,135,661	43,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	(627,895)	(3,256,828)	(1,446,563)	1,810,265
Other Financing Sources and Uses				
Interfund Transfers In	853,726	2,112,457	2,112,792	335
Total Other Financing Sources and Uses	853,726	2,112,457	2,112,792	335
Net Change in Fund Balance	225,831	(1,144,371)	666,229	1,810,600
Fund Balances, July 1, 2014	5,113,347	5,113,347	5,113,347	-
Fund Balances, June 30, 2015	$ 5,339,178	$ 3,968,976	$ 5,779,576	$ 1,810,600

* The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

The excess of expenditures over appropriations for employee benefits is due to booking the STRS on-behalf revenues and payments, which were not taken into consideration when developing the budget.

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2015

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	$ -	$ 7,678,006	$ 7,678,006	0.0%	$ 69,146,570	11.1%
July 1, 2011	$ -	$ 7,167,943	$ 7,167,943	0.0%	$ 64,901,166	11.0%
July 1, 2013	$ -	$ 6,633,919	$ 6,633,919	0.0%	$ 68,868,708	9.6%

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years*

	2014
District's proportion of the net pension liability (asset):	
CalSTRS	0.1150%
CalPERS	0.1682%
District's proportionate share of the net pension liability (asset):	
CalSTRS	$ 67,202,550
CalPERS	$ 19,094,795
District's covered-employee payroll:	
CalSTRS	$ 51,482,036
CalPERS	$ 17,386,672
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:	
CalSTRS	130.5%
CalPERS	109.8%
Plan fiduciary net position as a percentage of the total pension liability:	
CalSTRS	76.5%
CalPERS	83.4%

* 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.

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Contributions
For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years*

	2014
Actuarially determined contribution:	
CalSTRS	$ 4,247,268
CalPERS	$ 1,989,383
Contributions in relation to the actuarially determined contribution:	
CalSTRS	$ 4,247,268
CalPERS	$ 1,989,383
Contribution deficiency (excess):	
CalSTRS	$ -
CalPERS	$ -
District's covered-employee payroll:	
CalSTRS	$ 51,482,036
CalPERS	$ 17,386,672
Contributions as a percentage of covered-employee payroll:	
CalSTRS	8.25%
CalPERS	11.442%

* 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

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

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of Proportionate Share of the Net Pension Liability

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

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

Schedule of Contributions

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

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2015, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Category	Excess Expenditures
Classified Salaries	$ 42,907
Employee Benefits *	2,800,869
Transfers of indirect costs	5,762

* The excess of expenditures over appropriations for employee benefits is due to booking the STRS on-behalf revenues and payments, which were not taken into consideration when developing the budget.

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Supplementary Information

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Livermore Valley Joint Unified School District was formed on July 1, 1966 and is comprised of an area of approximately 240 square miles located in Alameda and Contra Costa Counties. There were no changes in the boundaries of the District during the current year. The District operates eight elementary, three middle, two K-8 and three high schools, one of which is a continuation high school. The District also maintains an Adult Education Program and an Independent Study School.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2015 were as follows:

BOARD OF EDUCATION

Member	Office	Term Expires
Kate Runyon	President	November, 2018
Craig Bueno	Clerk	November, 2018
Chuck Rogge	Member	November, 2016
Chris Wenzel	Member	November, 2016
Anne White	Member	November, 2018

DISTRICT ADMINISTRATORS

Kelly Bowers,
Superintendent

Chris Van Schaack,
Assistant Superintendent, Administrative Services

Cindy Alba,
Assistant Superintendent, Educational Services

Susan Kinder,
Chief Business Official

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2015

	Second Period Report	Annual Report
	Certificate No. (5F7B59EC)	Certificate No. (3D08480F)
Regular ADA & Extended Year:		
Transitional Kindergarten through Third	3,696.64	3,689.76
Fourth through Sixth	2,687.57	2,681.39
Seventh through Eighth	1,830.55	1,827.54
Ninth through Twelfth	3,844.93	3,818.71
Total Regular ADA	12,059.69	12,017.40
Special Education, Nonpublic, Nonsectarian Schools:		
Transitional Kindergarten through Third	3.24	3.05
Fourth through Sixth	2.98	3.03
Seventh through Eighth	3.99	4.45
Ninth through Twelfth	21.17	21.18
Total Special Education, Nonpublic, Nonsectarian Schools	31.38	31.71
Total ADA	12,091.07	12,049.11

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2015

Grade Level	Requirement		2014-2015	Number of Days	Status
	Previously Required	Reduced*	Actual Minutes	Traditional Calendar	
Kindergarten	36,000	35,000	36,000	180	Complied
Grade 1	50,400	49,000	53,110	180	Complied
Grade 2	50,400	49,000	53,110	180	Complied
Grade 3	50,400	49,000	53,110	180	Complied
Grade 4	54,000	52,500	54,240	180	Complied
Grade 5	54,000	52,500	54,240	180	Complied
Grade 6	54,000	52,500	55,669	180	Complied
Grade 7	54,000	52,500	55,669	180	Complied
Grade 8	54,000	52,500	55,669	180	Complied
Grade 9	64,800	63,000	65,290	180	Complied
Grade 10	64,800	63,000	65,290	180	Complied
Grade 11	64,800	63,000	65,290	180	Complied
Grade 12	64,800	63,000	65,290	180	Complied

* Amounts reduced as permitted by Education Code Section 46201.2(a).

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2015

General Fund	(Budget) 2016 [3]	2015 [4]	2014	2013
Revenues and other financing sources	$ 120,870,616	$ 114,801,890	$ 108,126,437	$ 101,001,725
Expenditures (total outgo)	114,319,805	114,135,661	110,176,699	105,199,969
Change in fund balance (deficit)	6,550,811	666,229	(2,050,262)	(4,198,244)
Ending fund balance	$ 12,330,387	$ 5,779,576	$ 5,113,347	$ 7,163,609
Available reserves [1]	$ 10,200,350	$ 3,323,300	$ 3,323,300	$ 4,255,978
Available reserves as a percentage of total outgo	8.9%	2.9%	3.0%	4.0%
Total long-term debt	$ 166,019,614	$ 172,218,977	$ 199,191,187	$ 95,571,836
Average daily attendance at P-2 [2]	12,153	12,091	12,086	12,228

The General Fund balance has decreased by $1.4 million over the past two years. The fiscal year 2015-16 adopted budget projects an increase of $6.6 million. 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, but does not anticipate incurring an operating deficit during the 2015-16 fiscal year. Long-term debt has increased by $76.6 million over the past two years.

Average daily attendance has decreased by 137 over the past two years. ADA is expected to increase by 62 during fiscal year 2015-16.

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

[2] Excludes Adult Education ADA.

[3] Revised Budget September 2015.

[4] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects, and Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

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 - Especially Needy	10.553	13526	$ 111,319	
National School Lunch Program	10.555	13523	1,327,533	
USDA Donated Foods	10.555	N/A	204,317	
Summer Food Service Program Operations	10.559	13004	10,566	
Subtotal Child Nutrition Cluster				$ 1,653,735
Total U.S. Department of Agriculture				1,653,735
U.S. Department of Education:				
Indian Education	84.060	10011		96,686
Passed through California Dept. of Education (CDE):				
Adult Basic Education (ABE):				
Adult Basic Education Cluster				
Adult Basic Education & ESL	84.002A	14508	18,838	
Adult Secondary Education	84.002	13978	19,167	
English Literacy & Civics Education	84.002A	14109	8,136	
Subtotal Adult Basic Education Cluster				46,141
No Child Left Behind (NCLB):				
Title I, Part A Cluster:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,246,070	
Title I, Part A, Program Improvement	84.010	14957	48,367	
Subtotal Title I, Part A Cluster				1,294,437
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14838		256,951
Title I, Part G, Advanced Placement Test Fee Reimbursement	84.330B	14831		2,886
Title II, Part A, Teacher Quality Local	84.367	14341		154,711
Title III, Limited English Proficiency	84.365	14346		153,166
Vocational and Applied Tech Secondary II, Carl Perkins Act	84.048	14894		74,694
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster:				
Local Assistance Entitlement	84.027	13379	2,286,888	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	66,069	
Preschool Local Entitlement, Part B	84.027A	13682	156,649	
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	206,307	
Preschool Staff Development	84.173A	13431	930	
Subtotal Special Education Cluster (IDEA)				2,716,843
Total U.S. Department of Education				4,796,515
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education:				
Medi-Cal Billing Option	93.778	10013		154,012
Total U.S. Department of Health & Human Services				154,012
Total Expenditures of Federal Awards				$ 6,604,262

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

Charter School	Included in Financial Statements?
Livermore Valley Charter	Not Included
Livermore Valley Charter Preparatory High	Not Included

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. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at the required level as reduced by Education Code Section 46201.2(a).

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 United States of America Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Schedule of Charter Schools
This schedule lists all charter schools charted by the District, and displays information for each charter school and whether or not the charter is included in the District audit.

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

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
Livermore Valley Joint Unified School District
Livermore, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livermore Valley Joint Unified School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Livermore Valley Joint Unified School District's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Livermore Valley Joint 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-1.

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Nigro+Nigro, PC

Murrieta, California
December 3, 2015

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Livermore Valley Joint Unified School District
Livermore, California

Report on State Compliance
We have audited Livermore Valley Joint Unified School District's compliance with the types of compliance requirements described in the *2014-15 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 Livermore Valley Joint Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2015.

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Livermore Valley Joint Unified School District's State programs based on our audit of the types of compliance requirements referred to below. 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 *2014-15 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 below occurred. An audit includes examining, on a test basis, evidence about Livermore Valley Joint 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 Livermore Valley Joint Unified School District's compliance.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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In connection with the audit referred to on the prior page, 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
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
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
Regional Occupation Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
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

Unmodified Opinion on Compliance with State Programs

In our opinion, Livermore Valley Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to above, which is required to be reported in accordance with *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-1.

District's Response to Finding

Livermore Valley Joint Unified School District's response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Livermore Valley Joint Unified School District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.

Nigro+Nigro, PC

Murrieta, California
December 3, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Livermore Valley Joint Unified School District
Livermore, California

Report on Compliance for Each Major Federal Program
We have audited Livermore Valley Joint Unified School District's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Livermore Valley Joint Unified School District's major federal programs for the year ended June 30, 2015. Livermore Valley Joint 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Livermore Valley Joint 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Livermore Valley Joint 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 Livermore Valley Joint Unified School District's compliance.

Opinion on Each Major Federal Program
In our opinion, Livermore Valley Joint 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, 2015.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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Report on Internal Control Over Compliance
Management of Livermore Valley Joint 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 Livermore Valley Joint 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 OMB Circular A-133, 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, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Nigro+Nigro, PC

Murrieta, California
December 3, 2015

Findings and Questioned Costs

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None noted
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 noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster (IDEA)
10.553, 10.555, 10.559	National School Lunch Program (NSLP)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes

State Awards

Type of auditors' 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
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 2014-15.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2014-15.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

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

Finding 2015- 1: CALPADS Unduplicated Pupil Counts (40000)

Criteria: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).

- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the free and reduced price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted that fifteen students that were reported as qualifying for free or reduced priced meals did not have an application on file for the 2014-15 fiscal year. This is due to the fact that the District applied the local “grace period” to the CALPADS reporting and as a result, many students in the CALPADS system are reported based on 2013-14 application data instead of 2014-15 application data. We also noted five students that were incorrectly reported as English learners due to the student information system not being updated corrected to reflect the pupils current designation.

Context: We noted errors at all seven schools we tested, for a total of 20 exceptions.

Cause: The District was unaware of the requirement to reclassify pupils who did not submit a qualifying free and reduced price meal application during 2014-15 since the CALPADS cutoff date was before the local “grace period” ended. In addition, during the summer of 2014, the District performed a clean-up project to fix students who had their designation erroneously changed during a mass transfer of data of all EO students into CALPADS by the State.

Questioned Costs: $8,965. This amount was determined by calculating the difference between the District’s original total LCFF revenues and the LCFF revenues adjusted for the decrease in the unduplicated pupil counts.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

Finding 2015- 1: CALPADS Unduplicated Pupil Counts (40000) (continued)

Effect: The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes as a result of the procedures performed:

		Adjusted based on eligibility for:		
School Site	CALPADS Reported	FRPM	EL Funding	Adjusted Total
Altamont Creek Elementary	118	(2)	-	116
Andrew N. Christensen Middle	149	(2)	(1)	146
Del Valle Continuation High	89	(2)	-	87
Livermore High	471	(6)	(3)	462
Marylin Avenue Elementary	372	(1)	-	371
Vineyard Alternative	17	(2)	-	15
Junction K-8	612	-	(1)	611
Aggregate remaining school sites	1,977	-	-	1,977
District-wide	3,805	(15)	(5)	3,785

The enrollment count of 12,540 was not impacted as a result of the procedures performed.

Recommendation: We recommend that the District work with the Child Nutrition Services department to update the CALPADS system once all applications are received. Although there is a grace period recognized at a local level, the district should update CALPADS retroactively to reflect the current year application information in the reporting software. We also recommend that procedures are established to ensure that the student information system which is used for CALPADS reporting is updated to reflect the changes made in the Child Nutrition Services and English learner internal system prior to the submission of the CALPADS report.

District Response: Over the past two years we have had various challenges in accurately extracting the data from our student information database into CALPADS. This year, 2015-16, the District has implemented new software to help us identify mismatched data. We are committed to ensuring that the data submitted in CALPADS accurately identifies our English Language Learners and students qualifying for Free or Reduced Price Meals. We are confident that the information in CALPADS now mirrors our student database.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2014-1: CALPADS Unduplicated Pupil Count	In order to be counted in CALPADS report 1.17 a student must have an open primary or short-term enrollment in CALPADS over Census Day (the first Wednesday in October) and meet one or more of the following criteria: ▪ Have a program record with an education program code of Homeless, Migrant, Free Meal Program, or Reduced-Price Meal Program, that is open over Census Day ▪ Have an English Language Acquisition Status (ELAS) of "English learner" (EL) that is effective over Census Day ▪ Be directly certified in July through November as being eligible for free meals based on a statewide match conducted by CALPADS ▪ Be identified as a foster youth based on a statewide match conducted by CALPADS ▪ Be identified as a foster youth through a local data matching process and submitted to and validated by CALPADS (functionality will be implemented fall 2014) During our testing of the free and reduced price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted one student who was reported as free or reduced priced meal eligible who did not have an application on file for the 2013-14 fiscal year. In addition, during our testing of English learner students, we noted one student who was classified as an English learner in CALPADS, but did not meet the criteria to be considered an English learner.	40000	The District should implement procedures that include a reconciliation of CALPADS data to the underlying records prior to the submission of the CALPADS report.	See Finding 2015-1.