LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

ALAMEDA COUNTY

AUDIT REPORT

For the Fiscal Year Ended June 30, 2019

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2019

Table of Contents

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND QUESTIONED COSTS

Financial Section

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NIGRO & NIGRO PC
A PROFESSIONAL ACCOUNTANCY CORPORATION

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, 2019, 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 *2018-19 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, 2019, 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 | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 67 to 70 and the schedule of expenditures of federal awards on page 71 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 66 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 8, 2019, 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
November 8, 2019

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the District for the year ended June 30, 2019. 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 2018-19 fiscal year with a General Fund ending balance of approximately $11.1 million. Of this amount, $4.6 million is from restricted programs to be expensed in 2019-20 and $1.2 million is committed for revolving cash, stores inventory, and encumbered expenses. The Board designated $4.8 million as a reserve for economic uncertainties, which left $.5 million available for future pension obligations.

- The District's largest operating expenditures are salaries and benefits. For the 2019-20 fiscal year, the Board of Education approved making the 2018-19 one-time 2.0% competitive compensation adjustment ongoing. They also approved an additional 1.0% competitive compensation increase as of July 1, 2019 and 2.0% as of January 1, 2020 to all employees for a total of 3.0% ongoing. The District is awaiting the new Governor's January Budget Proposal to begin the process of negotiating for future years.

- The District passed Measure J, a $245.0 million General Obligation bond measure, in June 2016 with a 66.84% approval. In August 2019, the District issued an additional $100 million to continue repairing and upgrading the District's aging facilities to ensure a safe and modern education environment. Some of the projects currently in progress are: East Avenue Middle School Modernization, Joe Michell K-8 new Multi-purpose Room and Classrooms, Granada High School Weight Room and Aquatic Center, and Livermore High School Athletic and Aquatic Complex.

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 in and out as well as the balances left at year-end that are available for spending in subsequent years.

FUND FINANCIAL STATEMENTS (continued)

1. **Governmental funds (continued)**: 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.

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 outflows 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, 2018 and June 30, 2019 is summarized below:

	2018	2019
Assets		
Cash [1]	$ 116,650,917	$ 62,619,665
Accounts receivable and prepaid expenditures	4,173,938	7,054,925
Stores inventories	236,555	261,639
Capital assets, net	146,851,829	182,166,865
Total Assets	267,913,239	252,103,094
Deferred Outflows of Resources		
Deferred outflows of resources - pensions	41,317,099	48,929,942
Deferred outflows of resources - OPEB	-	51,942
Deferred amounts on refunding	980,087	874,463
Total Deferred Outflows of Resources	42,297,186	49,856,347
Liabilities		
Long-term liabilities	154,060,757	140,928,527
Net pension liability	144,254,796	158,159,428
Other liabilities	18,927,175	14,891,992
Total Liabilities	317,242,728	313,979,947
Deferred Inflows of Resources		
Deferred inflows of resources - pensions	6,417,920	5,973,362
Deferred inflows of resources - OPEB	61,544	49,709
Total Deferred Inflows of Resources	6,479,464	6,023,071
Net Position		
Net investment in capital assets	68,173,220	74,127,079
Restricted	25,953,498	24,035,104
Unrestricted	(107,638,485)	(116,205,760)
Total Net Position	$ (13,511,767)	$ (18,043,577)

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

- 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 the State and Federal government for the operation of categorical programs.
- Long-term liabilities includes 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 unearned revenues for categorical programs deferred into 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, 2018 and for the year ended June 30, 2019 is summarized below:

	2018	2019
Revenues		
Program revenues:		
Charges for services	$ 1,975,113	$ 1,886,299
Operating grants and contributions	24,350,350	21,265,885
General revenues:		
Property taxes	77,236,451	81,384,745
Grants, subsidies and contributions unrestricted	58,865,570	63,438,585
Interest and investment earnings	1,090,076	1,206,295
Transfers from other agencies	534,915	567,335
Other	4,637,168	3,506,508
Total revenues	168,689,643	173,255,652
Expenses		
Instruction	89,424,038	94,994,917
Instruction related services	20,296,556	23,317,038
Pupil services	15,139,830	15,959,711
Ancillary services	1,335,750	1,236,375
Community services	263,686	274,816
Enterprise activities	-	(83,919)
General administration	7,777,587	9,572,613
Plant services	19,432,650	20,890,899
Other outgo	2,328,816	2,306,603
Debt service	4,817,342	4,421,655
Depreciation (unallocated)	4,531,867	4,896,754
Total expenses	165,348,122	177,787,462
Increase (decrease) in Net Position	3,341,521	(4,531,810)
Net Position, Beginning of Year	(16,853,288)	(13,511,767)
Net Position, End of Year	$ (13,511,767)	$ (18,043,577)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the District had $182.2 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:

	2018	2019
Land	$ 7,696,823	$ 17,646,856
Improvements of Sites	9,639,741	7,858,406
Buildings	113,077,534	115,004,324
Equipment	723,999	1,038,874
Construction in Progress	15,713,732	40,618,405
Net capital assets	$ 146,851,829	$ 182,166,865

Debt Administration

Note 7 to the financial statement provides additional information on outstanding debt. Note 8 to the financial statements provides more information on net pension liability. A summary of the District's outstanding debt at year-end is presented below:

	2018	2019
General Obligation Bonds	$ 135,970,000	$ 123,715,000
Unamortized Premium	10,751,999	10,030,271
Capital Leases	357,886	240,428
Net Pension Liability	144,254,796	158,159,428
Net OPEB Liability	6,147,714	5,959,850
Compensated Absences	833,158	982,978
Net long-term debt	$ 298,315,553	$ 299,087,955

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 59.

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 primarily due to an adjustment to the STRS on-behalf payment (GASB 68) amount which also had an equal offset adjustment in State revenue and therefore had no effect on fund balance.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

Local Control Funding Formula (LCFF)

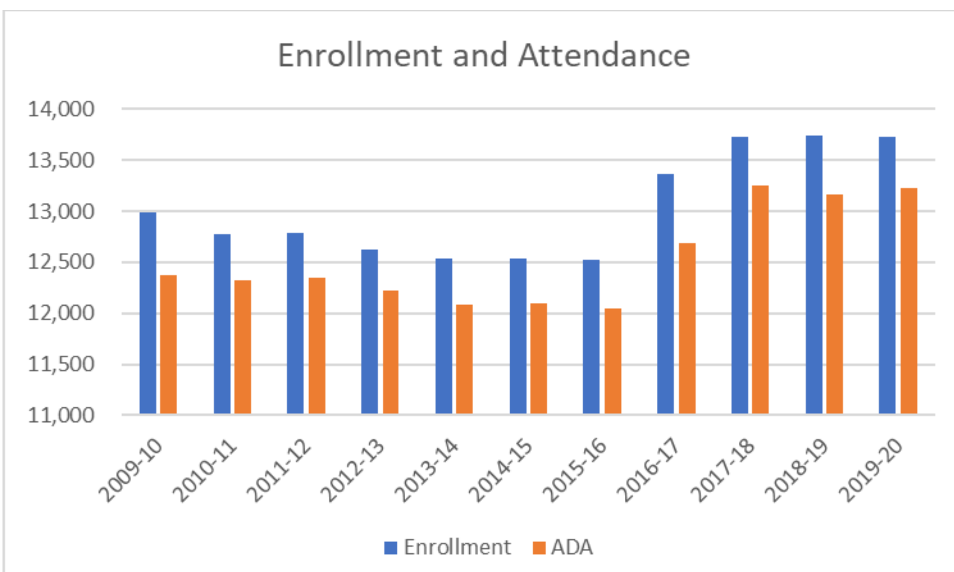
Our single largest source of funding is State funds. In 2013-14, the State Budget incorporated the new Local Control Funding Formula (LCFF). The LCFF replaced the Revenue Limit and most State categorical programs. It uses base grants per pupil, with supplemental funding provided for students who are 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 was phased in over several years and was expected to be fully implemented by 2018-19.

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 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 $53 in State revenue. Any absence, even an excused absence, reduces the District's revenue by the same amount per student.



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.

The Legislature passed the final budget package on June 13, 2019. The Governor signed the *2019-20 Budget Act* and 15 other budget-related bills on June 27, 2019.

Major Features of the 2019-20 Spending Plan

Makes $5.9 Billion in Additional Unfunded Liability Payments
Teachers, administrators, and other certificated employees of school districts earn pension benefits from the California State Teachers' Retirement System (CalSTRS). Other school district employees, such as clerical staff, also earn pension benefits administered by California Public Employees' Retirement System (CalPERS). The state and school districts each have full responsibility for their respective CalPERS' unfunded liabilities associated with their own employees. In the case of CalSTRS, the state and school districts share responsibility for the system's total unfunded liability (about one-third is the responsibility of the state and two-thirds of the districts).

The spending plan allocates $5.9 billion General Fund to pay down unfunded pension liabilities on behalf of both the state and school districts (some of which is counted toward the state's Proposition 2 debt payment requirements). In particular, the spending plan dedicates:

- ***$3.6 Billion to Address State's Unfunded Liabilities.*** The spending plan uses $2.5 billion in General Fund monies to pay down the state's CalPERS unfunded liability. The spending plan also devotes $1.1 billion General Fund to reduce the state's share of the CalSTRS unfunded liability, as part of the state's Proposition 2 debt payment requirements.
- ***$2.3 Billion to Address School Districts' Unfunded Liabilities.*** The spending plan also devotes $1.6 billion General Fund to reduce the school districts' share of the CalSTRS unfunded liability and $660 million General Fund to address the school districts' CalPERS unfunded liability.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE (continued)

K-14 Education

Provides a Few Notable Ongoing Proposition 98 Augmentations
Under the spending plan, Proposition 98 funding for 2019-20 increases $2.9 billion (3.7 percent) from the revised 2018-19 level. The spending plan devotes the largest share of this increase—$2 billion—to school districts to cover changes in student attendance and provide a 3.26 percent cost-of-living adjustment (COLA) for the Local Control Funding Formula (general purpose per-student funding). The budget also provides two augmentations related to special education: (1) $493 million for school districts based on the number of three- and four-year old children identified with disabilities affecting their education and (2) $153 million for special education agencies with average or below average per-pupil funding rates.

Pays a Portion of Districts' Pension Costs for the Next Two Years
The spending plan also provides additional monies to school districts outside of the Proposition 98 funding requirement by paying a portion of districts' pension costs for the next two years. School districts' pension contribution rates for both CalPERS and CalSTRS have been rising and are set to continue increasing for at least the next few years. For CalSTRS, the budget provides $606 million for the state to pay a portion of districts' costs (reducing district contribution rates by about 1 percent of payroll in 2019-20 and 2020-21). Similarly, the budget provides $244 million for the state to cover a portion of districts' CalPERS costs (reducing district rates by about 1 percent of payroll in 2019-20 and 2020-21). Although district pension rates will continue to rise, the increases will be slower than previously projected.

All of these factors were considered in preparing the Livermore Valley Joint Unified School District budget for the 2019-20 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, Assistant Superintendent, Business Services, 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, 2019

	Total Governmental Activities
ASSETS	
Cash	$ 62,619,665
Accounts receivable	7,054,925
Inventories	261,639
Nondepreciable assets	58,265,261
Depreciable capital assets	202,156,453
Less accumulated depreciation	(78,254,849)
Total assets	252,103,094
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	48,929,942
Deferred outflows of resources - OPEB	51,942
Deferred amounts on refunding	874,463
Total deferred outflows of resources	49,856,347
LIABILITIES	
Accounts payable	14,785,201
Unearned revenue	106,791
Long-term liabilities:	
Portion due or payable within one year	5,752,333
Portion due or payable after one year	135,176,194
Net pension liability	158,159,428
Total liabilities	313,979,947
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	5,973,362
Deferred inflows of resources - OPEB	49,709
Total deferred inflows of resources	6,023,071
NET POSITION	
Net investment in capital assets	74,127,079
Restricted for:	
Capital projects	4,385,450
Debt service	14,730,577
Categorical programs	4,919,077
Unrestricted	(116,205,760)
Total net position	$ (18,043,577)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				
Instructional Services:				
Instruction	$ 94,994,917	$ 108,982	$ 8,805,946	$ (86,079,989)
Instruction-related services:				
Supervision of instruction	5,438,324	13,112	1,550,099	(3,875,113)
Instructional library, media and technology	6,037,618	17	2,254,795	(3,782,806)
School site administration	11,841,096	3	535,980	(11,305,113)
Pupil support services:				
Home-to-school transportation	1,920,679	11,652	434,065	(1,474,962)
Food services	3,613,814	1,715,776	1,810,622	(87,416)
All other pupil services	10,425,218	36,177	1,693,445	(8,695,596)
General administration services:				
Data processing services	507,221	-	-	(507,221)
Other general administration	9,065,392	-	520,528	(8,544,864)
Plant services	20,890,899	17	321,187	(20,569,695)
Ancillary services	1,236,375	1	220,717	(1,015,657)
Community services	274,816	-	75,330	(199,486)
Enterprise activities	(83,919)	-	-	83,919
Interest on long-term debt	4,421,655	-	-	(4,421,655)
Other outgo	2,306,603	562	3,043,171	737,130
Depreciation (unallocated)	4,896,754	-	-	(4,896,754)
Total Governmental Activities	$ 177,787,462	$ 1,886,299	$ 21,265,885	(154,635,278)

General Revenues:	
Property taxes	81,384,745
Federal and state aid not restricted to specific purpose	63,438,585
Interest and investment earnings	1,206,295
Interagency revenues	567,335
Miscellaneous	3,506,508
Total general revenues	150,103,468
Change in net position	(4,531,810)
Net position - July 1, 2018	(13,511,767)
Net position - June 30, 2019	$ (18,043,577)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 13,635,010	$ 28,954,257	$ 14,671,391	$ 4,986,632	$ 62,247,290
Accounts receivable	6,428,196	176,475	59,186	389,785	7,053,642
Due from other funds	252,179	-	-	25,000	277,179
Inventories	217,988	-	-	43,651	261,639
Total Assets	$ 20,533,373	$ 29,130,732	$ 14,730,577	$ 5,445,068	$ 69,839,750
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 9,033,811	$ 3,184,819	$ -	$ 366,700	$ 12,585,330
Due to other funds	25,000	-	-	252,179	277,179
Unearned revenue	7,617	-	-	99,174	106,791
Total Liabilities	9,066,428	3,184,819	-	718,053	12,969,300
Fund Balances					
Nonspendable	267,988	-	-	43,651	311,639
Restricted	4,595,337	25,945,913	14,730,577	4,700,696	49,972,523
Assigned	1,216,107	-	-	18,320	1,234,427
Unassigned	5,387,513	-	-	(35,652)	5,351,861
Total Fund Balances	11,466,945	25,945,913	14,730,577	4,727,015	56,870,450
Total Liabilities and Fund Balances	$ 20,533,373	$ 29,130,732	$ 14,730,577	$ 5,445,068	$ 69,839,750

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds		$ 56,870,450
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 $260,421,714, and the accumulated depreciation is $78,254,849.		182,166,865
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:		(2,071,503)
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 liability at the end of the period was:		(5,959,850)
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:		874,463
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.		(158,159,428)
In governmental funds, deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. Deferred inflows relating to OPEB for the period were:		
Deferred outflows of resources	51,942	
Deferred inflow of resources	(49,709)	2,233
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	48,929,942	
Deferred inflows of resources	(5,973,362)	42,956,580
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	123,715,000	
Unamortized premium	10,030,271	
Capital leases payable	240,428	
Compensated absences payable	982,978	(134,968,677)
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:		245,290
Total net position - governmental activities		$ (18,043,577)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 118,905,654	$ -	$ -	$ -	$ 118,905,654
Federal sources	5,587,596	-	-	1,831,750	7,419,346
Other state sources	22,690,946	3	102,897	1,169,458	23,963,304
Other local sources	15,686,726	1,589,326	16,410,118	3,236,630	36,922,800
Total Revenues	162,870,922	1,589,329	16,513,015	6,237,838	187,211,104
EXPENDITURES					
Current:					
Instruction	102,839,825	-	-	379,190	103,219,015
Instruction-related services:					
Supervision of instruction	5,839,838	-	-	16,517	5,856,355
Instructional library, media and technology	6,054,893	-	-	-	6,054,893
School site administration	11,456,540	-	-	299,671	11,756,211
Pupil support services:					
Home-to-school transportation	1,917,290	-	-	-	1,917,290
Food services	13,322	-	-	3,623,252	3,636,574
All other pupil services	11,368,622	-	-	-	11,368,622
Ancillary services	1,291,902	-	-	-	1,291,902
Community services	266,722	-	-	-	266,722
General administration services:					
Data processing services	507,221	-	-	-	507,221
Other general administration	7,580,927	-	-	26,838	7,607,765
Plant services	15,170,038	1,656,807	-	922,126	17,748,971
Transfers of indirect costs	(143,040)	-	-	143,040	-
Capital outlay	160,275	41,631,866	-	1,644,519	43,436,660
Intergovernmental transfers	1,779,460	-	-	527,143	2,306,603
Debt Service:					
Principal	-	162,589	12,255,000	-	12,417,589
Interest	-	27,723	5,191,004	-	5,218,727
Total Expenditures	166,103,835	43,478,985	17,446,004	7,582,296	234,611,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,232,913)	(41,889,656)	(932,989)	(1,344,458)	(47,400,016)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	627,583	-	-	25,000	652,583
Interfund transfers out	(25,000)	(610,838)	-	(16,745)	(652,583)
Proceeds from capital leases	-	45,131	-	-	45,131
Total Other Financing Sources and Uses	602,583	(565,707)	-	8,255	45,131
Net Change in Fund Balances	(2,630,330)	(42,455,363)	(932,989)	(1,336,203)	(47,354,885)
Fund Balances, July 1, 2018	14,097,275	68,401,276	15,663,566	6,063,218	104,225,335
Fund Balances, June 30, 2019	$ 11,466,945	$ 25,945,913	$ 14,730,577	$ 4,727,015	$ 56,870,450

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, 2019

Total net change in fund balances - governmental funds		$ (47,354,885)
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	41,301,584	
Depreciation expense	(4,896,754)	
Net:		36,404,830
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 loss is:		(1,089,794)
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.		12,417,589
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:		(5,847,232)
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:		(45,131)
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:		180,969
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:		721,728
In governmental funds, other postemployment benefits (OPEB) expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer contributions was:		251,641
In government funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(149,820)
The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized over the life of the liability. Amortization of the deferred amounts in the current year was:		(105,624)
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:		83,919
Change in net position of governmental activities		$ (4,531,810)

	Governmental Activities Internal Service Fund
ASSETS	
Cash	$ 372,375
Accounts receivable	1,283
Total Assets	373,658
LIABILITIES	
Accounts payable	19,307
Estimated liability for open claims	109,061
Total liabilities	128,368
NET POSITION	
Restricted	$ 245,290

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, 2019

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges to other funds	$ 900,000
Other local revenues	18,540
Total operating revenues	918,540
OPERATING EXPENSES	
Supplies	5,127
Services and other operating expenditures	832,566
Total operating expenses	837,693
Operating Income (Loss)	80,847
NON-OPERATING REVENUES	
Interest income	3,072
Change in net position	83,919
Net position, July 1, 2018	161,371
Net position, June 30, 2019	$ 245,290

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from self-insurance premiums	$ 900,000
Cash received from other local sources	18,540
Cash paid for operating expenses	(760,052)
Net cash provided (used) by operating activities	158,488
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	2,325
Net increase (decrease) in cash	160,813
Cash, July 1, 2018	211,562
Cash, June 30, 2019	$ 372,375
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	$ 80,847
Changes in Operating Assets and Liabilities:	
Decrease in accounts payable and estimated liability for open claims	77,641
Net Cash Provided (Used) by Operating Activities	$ 158,488

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2019

	Agency Funds	Trust Fund	
	Student Body Funds	**Scholarship Fund**	**Total**
ASSETS			
Cash	$ 818,005	$ 100,399	$ 918,404
Accounts receivable	-	452	452
Total Assets	818,005	100,851	918,856
LIABILITIES			
Due to student groups	$ 818,005	-	$ 818,005
Total Liabilities	$ 818,005	-	818,005
NET POSITION			
Restricted for student scholarships		$ 100,851	$ 100,851

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2019

	Trust Fund Scholarship Fund
ADDITIONS	
Other local sources	$ 2,296
Total Additions	2,296
DEDUCTIONS	
Other services & operating expenses	6,601
Total Deductions	6,601
Change in net position	(4,305)
Net position - July 1, 2018	105,156
Net position - June 30, 2019	$ 100,851

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 is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. 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. The Deferred Maintenance Fund does not currently meet the definition of a special revenue fund as it is not 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.

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

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

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

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

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

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)

Special Revenue Funds (continued):

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

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

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

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary funds:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Measurement Focus, Basis of Accounting

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

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

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

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

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

3. Revenues - Exchange and Non-Exchange Transactions

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District established capitalization thresholds for land at $1; and land improvements, buildings, and building improvements at $100,000 per project; equipment purchased with federal funds at $5,000 and $11,000 if purchased with state or local funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets (continued)

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.

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

The liability for compensated absences reported in the 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. Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund Balances

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Net Position

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

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

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

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2018-19 fiscal year, the following GASB Pronouncements became effective:

1. In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

   This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

   The District has implemented the provisions of this Statement as of June 30, 2019.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New GASB Pronouncements (continued)

2. In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

   This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

   This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

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

   The District has implemented the provisions of this Statement as of June 30, 2019.

K. Future Accounting Pronouncements
Other GASB pronouncements, which will be effective in future periods, are as follows:

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

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Future Accounting Pronouncements (continued)

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

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

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

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

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Future Accounting Pronouncements (continued)

4. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

   This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Future Accounting Pronouncements (continued)

5. (continued)
Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

NOTE 2 – CASH

Cash at June 30, 2019, 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	$ 62,062,175	$ 347,375	$ 62,409,550	$ 100,399
Deposits:				
Cash on hand and in banks	135,115	25,000	160,115	818,005
Cash in revolving fund	50,000	-	50,000	-
Total deposits	185,115	25,000	210,115	818,005
Total cash	$ 62,247,290	$ 372,375	$ 62,619,665	$ 918,404

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.

NOTE 2 – CASH (continued)

Pooled Funds (continued)
In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2019, 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, 2019, $1,061,157 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.

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

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

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund	Fiduciary Funds
Federal Government:							
Categorical aid programs	$ 4,268,941	$ -	$ -	$ 270,088	$ 4,539,029	$ -	$ -
State Government:							
Lottery	668,035	-	-	-	668,035	-	-
Categorical aid programs	570,451	-	-	23,858	594,309	-	-
Local:							
Interest	55,444	176,475	59,186	24,548	315,653	1,283	452
Other local	865,325	-	-	71,291	936,616	-	-
Totals	$ 6,428,196	$ 176,475	$ 59,186	$ 389,785	$ 7,053,642	$ 1,283	$ 452

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2019, consisted of the following:

General Fund due to Cafeteria Fund for covering negative fund balance	$ 25,000
Child Development Fund due to General Fund for reconciling resource 6105	2,179
Cafeteria Fund due to General Fund for indirect costs and expenditure reimbursements	250,000
Total	$ 277,179

B. Transfers To/From Other Funds

Transfers to/from other funds at June 30, 2019, consisted of the following:

General Fund transfer to Cafeteria Fund for covering negative fund balance	$ 25,000
Adult Education Fund transfer to General Fund for retiree benefit	3,022
Cafeteria Fund transfer to General Fund for retiree campus catering	9,317
Building Fund transfer to General Fund for textbook and retiree bond	610,838
Capital Facilities Fund transfer to General Fund for retiree benefits	4,406
Total	$ 652,583

NOTE 5 – FUND BALANCES

At June 30, 2019, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 50,000	$ -	$ -	$ -	$ 50,000
Stores inventories	217,988	-	-	43,651	261,639
Total Nonspendable	267,988	-	-	43,651	311,639
Restricted:					
Categorical programs	4,595,337	-	-	315,246	4,910,583
Capital projects	-	25,945,913	-	4,385,450	30,331,363
Debt service	-	-	14,730,577	-	14,730,577
Total Restricted	4,595,337	25,945,913	14,730,577	4,700,696	49,972,523
Assigned:					
Child development program	-	-	-	630	630
Deferred maintenance program	147,056	-	-	-	147,056
Postemployment benefits	171,745	-	-	-	171,745
Other assignments	897,306	-	-	17,690	914,996
Total Assigned	1,216,107	-	-	18,320	1,234,427
Unassigned:					
Reserve for economic uncertainties	4,851,880	-	-	-	4,851,880
Remaining unassigned balances	535,633	-	-	(35,652)	499,981
Total Unassigned	5,387,513	-	-	(35,652)	5,351,861
Total	$ 11,466,945	$ 25,945,913	$ 14,730,577	$ 4,727,015	$ 56,870,450

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance, July 1, 2018	Additions	Retirements	Balance, June 30, 2019
Capital assets not being depreciated:				
Land	$ 7,696,823	$ 9,950,033	$ -	$ 17,646,856
Construction in progress	15,713,732	26,045,485	1,140,812	40,618,405
Total capital assets not being depreciated	23,410,555	35,995,518	1,140,812	58,265,261
Capital assets being depreciated:				
Improvement of sites	20,449,536	104,500	1,294,804	19,259,232
Buildings	173,607,401	5,960,204	-	179,567,605
Equipment	2,949,120	382,174	1,678	3,329,616
Total capital assets being depreciated	197,006,057	6,446,878	1,296,482	202,156,453
Accumulated depreciation for:				
Improvement of sites	(10,809,795)	(796,041)	(205,010)	(11,400,826)
Buildings	(60,529,867)	(4,033,414)	-	(64,563,281)
Equipment	(2,225,121)	(67,299)	(1,678)	(2,290,742)
Total accumulated depreciation	(73,564,783)	(4,896,754)	(206,688)	(78,254,849)
Total capital assets being depreciated, net	123,441,274	1,550,124	1,089,794	123,901,604
Governmental activity capital assets, net	$ 146,851,829	$ 37,545,642	$ 2,230,606	$ 182,166,865

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2019, were as follows:

	Balance, July 1, 2018	Additions	Deductions	Balance, June 30, 2019	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	$ 135,970,000	$ -	$ 12,255,000	$ 123,715,000	$ 4,965,000
Unamortized issuance premium	10,751,999	-	721,728	10,030,271	721,728
Subtotal General Obligation Bonds	146,721,999	-	12,976,728	133,745,271	5,686,728
Capital Leases	357,886	45,131	162,589	240,428	65,605
Net OPEB Liability	6,147,714	485,153	673,017	5,959,850	-
Compensated Absences	833,158	149,820	-	982,978	-
Totals	$ 154,060,757	$ 680,104	$ 13,812,334	$ 140,928,527	$ 5,752,333

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

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. At June 30, 2019, deferred amounts on refunding of $766,370 remain to be amortized.

2014 General Obligation Refunding 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 all of the District's outstanding Election of 1999, Series 2002, Series 2005, and Series 2006 General Obligation Bonds. At June 30, 2019, deferred amounts on refunding of $108,093 remain to be amortized.

2016 Election
On June 7, 2016, the voters of the Livermore Valley Joint Unified School District approved by more than 55% Measure "J", authorizing the issuance and sale of $245.0 million of general obligation bonds. On October 13, 2016, the District issued Series 2016 of the Election of 2016 General Obligation bonds in the amount of $82.0 million. The bonds were issued to finance the construction and modernization of school facilities and to pay costs of issuance of the bonds.

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

A. General Obligation Bonds (continued)

The outstanding general obligation bonds issued by the District as of June 30, 2019, are:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2018	Additions	Deductions	Balance, June 30, 2019
Refunding	5/4/2010	8/1/2026	2.0%-5.0%	$ 33,840,000	$ 18,190,000	$ -	$ 1,895,000	$ 16,295,000
Refunding	11/18/2014	8/1/2029	2.0%-5.0%	52,810,000	43,780,000	-	2,860,000	40,920,000
2016 A	10/13/2016	8/1/2046	2.0%-4.0%	82,000,000	74,000,000	-	7,500,000	66,500,000
					$ 135,970,000	$ -	$ 12,255,000	$ 123,715,000

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2019, are as follows:

Fiscal Year	Principal	Interest	Total
2019-2020	$ 4,965,000	$ 4,865,856	$ 9,830,856
2020-2021	5,225,000	4,644,931	9,869,931
2021-2022	5,515,000	4,391,881	9,906,881
2022-2023	5,855,000	4,107,631	9,962,631
2023-2024	6,220,000	3,821,475	10,041,475
2024-2029	28,285,000	15,091,197	43,376,197
2029-2034	13,295,000	10,532,738	23,827,738
2034-2039	14,950,000	8,123,250	23,073,250
2039-2044	22,170,000	4,535,500	26,705,500
2044-2047	17,235,000	796,425	18,031,425
Totals	$ 123,715,000	$ 60,910,884	$ 184,625,884

B. Capital Leases

The District leases equipment valued at $339,312 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
2019-20	$ 76,023
2020-21	76,023
2021-22	76,023
2022-23	27,858
2023-24	8,842
Less amount representing interest	(24,341)
Present value of minimum lease payments	$ 240,428

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

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

C. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 5,222,160	$ 51,942	$ 49,709	$ 421,376
MPP Program	737,690	-	-	(27,494)
Total	$ 5,959,850	$ 51,942	$ 49,709	$ 393,882

The details of each plan are as follows:

District Plan

Plan Description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The District offers the same healthcare plans for its under-age 65 retirees as for its active employees. Upon reaching age 65, the retiree ceases to be eligible to receive District-paid benefits. Benefits vary based on age, service, date of retirement, and classification, as follows:

Certificated (LEA) – Employees may retire with District-paid benefits after attaining age 55 and completing at least 10 years of service (or the full-time equivalent) with the District and be receiving STRS benefits. For those eligible retirees, the health plans are paid for by the District for seven years or until age 65 if earlier. If an eligible retiree dies during the seven-year period, eligible dependents continue to receive District-paid benefits for the remainder of the seven years.

Classified/SEIU/SUPV/LMA/Other – Employees may retire with District-paid benefits after attaining age 55 and completing at least 15 years of continuous service (7 years of leadership service for LMA) with the District. For those eligible retirees, the health plans are paid for by the District for seven years or until age 65 if earlier. If an eligible retiree dies during the seven-year period, eligible dependents continue to receive District-paid benefits for the remainder of the seven years.

Adjustments to Dollar Limits – Annual dollar limits described above are not automatically indexed for future years.

Changes that became effective on or after July 1, 2005:

- LEA Retirees – Retiring between July 1, 2006 and June 30, 2010 - District-paid coverage will be for retiree only (spousal coverage will be at retiree's expense) for the remainder of their benefit periods. Benefits are subject to a cap of $10,900 per year (adjusted for banked contributions, if any).
- Retiring on or after July 1, 2010 - District-paid coverage will be for retiree only, and subject to a cap of $7,500 per year (adjusted for banked contributions, if any) for the remainder of their benefit periods.

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

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

District Plan (continued)

Benefits Provided (continued)

- Retirees other than LEA – Retiring on or after July 1, 2005, District-paid coverage will be for retiree only (spousal coverage will be at retiree's expense) up to $7,000 per year for all coverages ($5,900 for SEIU).

Employees Covered by Benefit Terms
At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	82
Active employees	1,054
Total	1,136

Total OPEB Liability
The District's total OPEB liability of $5,222,160 for the Plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Salary increases	3.00%
Inflation rate	3.00%
Healthcare cost trend rates	6.00% for 2017; 5.00% for 2018 and later years
Retirees' share of benefit-related costs	Retirees who continue with the District medical plan are offered a subsidy based on specified employment factors

Discount Rate
The discount rate of 3.13 percent is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality Rates
Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

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

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

District Plan (continued)

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at July 1, 2018	$	5,382,530
Changes for the year:		
Service cost		239,343
Interest		183,267
Changes of assumptions		62,543
Benefit payments		(645,523)
Net changes		(160,370)
Balance at June 30, 2019	$	5,222,160

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

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

Discount Rate		OPEB Liability
1% decrease (2.13%)	$	5,355,316
Current discount rate (3.13%)	$	5,222,160
1% increase (4.13%)	$	5,096,292

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

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

Healthcare Cost Trend Rate		OPEB Liability
1% decrease (5.00% decreasing to 4.00%)	$	5,222,160
Current rate (6.00% decreasing to 5.00%)	$	5,222,160
1% increase (7.00% decreasing to 6.00%)	$	5,222,160

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

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

District Plan (continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of $421,376. In addition, at June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 51,942	$ 49,709
Total	$ 51,942	$ 49,709

The deferred outflows of resources and deferred inflows of resources related to changes of assumptions in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 5.9 years for the deferred outflows and 6.2 years for the deferred inflows.

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

Year Ended June 30	Deferred Outflows/ (Inflows) of Resourses
2020	$ (1,234)
2021	(1,234)
2022	(1,234)
2023	(1,234)
2024	7,169
Thereafter	-
Total	$ 2,233

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/actuarial-financial-and-investor-information.

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

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

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. The MPP Program is closed to new entrants as members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2018, 5,984 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be predetermined.

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

Total OPEB Liability
At June 30, 2019, the District reported a liability of $737,690 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2018, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	Change Increase/ (Decrease)
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net OPEB Liability	0.192724%	0.181880%	0.010844%

For the year ended June 30, 2019, the District reported OPEB expense of $(27,494).

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

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

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate
The discount rate used to measure the total OPEB liability was 3.87%. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is The Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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

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

Medicare Premium Payment (MPP) Program (continued)

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

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

Discount Rate	MPP OPEB Liability
1% decrease (2.87%)	$ 815,920
Current discount rate (3.87%)	$ 737,690
1% increase (4.87%)	$ 667,051

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

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 672,698
Current rate (3.7% Part A and 4.1% Part B)	$ 737,690
1% increase (4.7% Part A and 5.1% Part B)	$ 807,585

NOTE 8 – PENSION PLANS

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

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 112,637,219	$ 35,243,162	$ 5,973,362	$ 15,462,272
CalPERS	45,522,209	13,686,780	-	8,340,629
Total	$ 158,159,428	$ 48,929,942	$ 5,973,362	$ 23,802,901

NOTE 8 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/actuarial-financial-and-investor-information.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.28%	16.25%
Required State Contribution Rate	9.828%	9.828%

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period.

The contribution rates for each program for the year ended June 30, 2019, are presented above and the District's total contributions were $11,292,017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$	112,637,219
State's proportionate share of the net pension liability associated with the District		64,490,076
Total	$	177,127,295

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	Change Increase/ (Decrease)
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net Pension Liability	0.122556%	0.114276%	0.008280%

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
For the year ended June 30, 2019, the District recognized pension expense of $15,462,272. In addition, the District recognized pension expense and revenue of $2,199,098 for support provided by the State. At June 30, 2019, 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	$ 11,292,017	$ -
Net change in proportionate share of net pension liability	6,103,366	-
Difference between projected and actual earnings on pension plan investments	-	4,337,244
Changes of assumptions	17,498,495	-
Differences between expected and actual experience	349,284	1,636,118
Total	$ 35,243,162	$ 5,973,362

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 4,914,408
2021	3,288,094
2022	328,376
2023	3,247,651
2024	4,205,078
Thereafter	1,994,176
Total	$ 17,977,783

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

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 inputs to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study.

For each future valuation, CalSTRS' consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	(1.00)%

NOTE 8 – PENSION PLANS (continued)

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

Discount Rate
The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 165,000,345
Current discount rate (7.10%)	112,637,219
1% increase (8.10%)	69,223,107

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions of $2,246,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $10,281,582.

B. California Public Employees Retirement System (CalPERS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

NOTE 8 – PENSION PLANS (continued)

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

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

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.50%
Required Employer Contribution Rate	18.062%	18.062%

Contributions
Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $4,464,554.

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $45,522,209. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	Change Increase/ (Decrease)
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net Pension Liability	0.170731%	0.161577%	0.009154%

For the year ended June 30, 2019, the District recognized pension expense of $8,340,629. At June 30, 2019, 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	$ 4,464,554	$ -
Net change in proportionate share of net pension liability	1,319,380	-
Difference between projected and actual earnings on pension plan investments	373,384	-
Changes of assumptions	4,545,192	-
Differences between expected and actual experience	2,984,269	-
Total	$ 13,686,779	$ -

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4 years.

NOTE 8 – PENSION PLANS (continued)

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 4,855,823
2021	3,820,793
2022	379,829
2023	165,780
2024	-
Thereafter	-
Total	$ 9,222,225

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.75%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

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

NOTE 8 – PENSION PLANS (continued)

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

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

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

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 66,278,159
Current discount rate (7.15%)	45,522,209
1% increase (8.15%)	28,302,177

On-Behalf Payments
The State of California normally makes no contributions to CalPERS on behalf of the District. However, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated contributions of $904,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $1,543,399.

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

NOTE 8 – PENSION PLANS (continued)

D. Payables to the Pension Plans

At June 30, 2019, the District reported payables of $1,905,883 and $796,720 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2019.

NOTE 9 – 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, 2018, is as follows:

	Northern California ReLiEF June 30, 2018	ACSIG June 30, 2018	PIPS June 30, 2018
Assets	$ 77,792,147	$ 48,587,667	$ 128,632,982
Deferred Outflows	-	546,377	-
Liabilities	65,492,460	27,296,218	104,498,678
Deferred Inflows	-	65,612	-
Net Position	$ 12,299,687	$ 21,772,214	$ 24,134,304
Revenues	$ 53,565,432	$ 164,546,182	$ 310,302,202
Expenses	57,636,800	158,538,548	303,959,631
Operating Income (Loss)	(4,071,368)	6,007,634	6,342,571
Non-Operating Income	324,976	159,116	347,269
Change in Net Position	$ (3,746,392)	$ 6,166,750	$ 6,689,840

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

B. 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, 2019.

C. Construction Commitments
As of June 30, 2019, the District has commitments with respect to unfinished capital projects of $13,360,383 to be paid from local funds.

NOTE 11 – 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, 2019, 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 2018-19, 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.

NOTE 11 – RISK MANAGEMENT (continued)

The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

	Claims Liability
Liability Balance, July 1, 2017	$ 71,558
Claims and changes in estimates	625,111
Claims payments	(646,669)
Liability Balance, July 1, 2018	50,000
Claims and changes in estimates	190,677
Claims payments	(131,616)
Liability Balance, July 1, 2019	$ 109,061
Assets available to pay claims at June 30, 2019	$ 373,658

NOTE 12 – SUBSEQUENT EVENTS

The District has reviewed all events occurring from June 30, 2019, through November 8, 2019, the date on which the financial statements were issued. There are no subsequent events requiring accrual or disclosure, other than the items listed below:

- The District issued $100 million in General Obligation Bonds, Series 2019, on August 14, 2019, to finance certain authorized projects approved by the voters of the District. The bonds were authorized by the election of 2016 (Measure J). The bonds are to be repaid over 28 years.

- The District also issued $11,355,000 in 2020 General Obligation Refunding Bonds on August 14, 2019. The refunding bonds were issued to refund, on a forward delivery basis, a portion of the District's outstanding 2010 General Obligation Refunding Bonds.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF sources	$ 119,170,455	$ 118,703,211	$ 118,905,654	$ 202,443
Federal sources	4,683,819	5,792,162	5,587,596	(204,566)
Other state sources	10,155,835	16,944,196	22,690,946	5,746,750
Other local sources	11,329,811	15,541,160	15,680,680	139,520
Total Revenues	145,339,920	156,980,729	162,864,876	5,884,147
Expenditures				
Current:				
Certificated salaries	68,871,284	69,181,285	69,098,610	82,675
Classified salaries	22,525,329	24,811,134	24,738,436	72,698
Employee benefits	35,517,935	37,989,571	42,881,289	(4,891,718)
Books and supplies	5,012,241	12,219,714	8,256,752	3,962,962
Services and other operating expenditures	13,293,799	19,781,861	19,000,231	781,630
Transfers of indirect costs	(94,459)	(109,473)	(143,040)	33,567
Capital outlay	30,855	506,560	471,026	35,534
Intergovernmental	1,722,560	1,737,351	1,737,325	26
Total Expenditures	146,879,544	166,118,003	166,040,629	77,374
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,539,624)	(9,137,274)	(3,175,753)	5,961,521
Other Financing Sources and Uses				
Interfund transfers in	611,306	625,843	627,583	1,740
Interfund transfers out	-	-	(25,000)	(25,000)
Total Other Financing Sources and Uses	611,306	625,843	602,583	(23,260)
Net Change in Fund Balance	(928,318)	(8,511,431)	(2,573,170)	5,938,261
Fund Balances, July 1, 2018	5,543,386	13,719,726	13,719,726	-
Fund Balances, June 30, 2019	$ 4,615,068	$ 5,208,295	$ 11,146,556	$ 5,938,261

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:

Deferred Maintenance Fund	147,056
Special Reserve Fund for Other Than Capital Outlay	1,588
Special Reserve Fund for Postemployment Benefits	171,745
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	$ 11,466,945

The actual amounts reported in this schedule include an additional $4,329,562 recorded as State revenue and employee benefits expenditures for the STRS On-Behalf contributions, but which were not included in the budget.

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2019

Last Ten Fiscal Years*

	2018	2017	2016	2015	2014
CalSTRS					
District's proportion of the net pension liability	0.1226%	0.1143%	0.1130%	0.1170%	0.1150%
District's proportionate share of the net pension liability	$ 112,637,219	$ 105,682,072	$ 91,395,530	$ 78,769,080	$ 67,202,550
State's proportionate share of the net pension liability associated with the District	64,490,076	62,520,621	52,037,505	41,660,048	40,580,209
Totals	$ 177,127,295	$ 168,202,693	$ 143,433,035	$ 120,429,128	$ 107,782,759
District's covered-employee payroll	$ 65,791,802	$ 60,902,846	$ 56,859,487	$ 53,538,423	$ 51,482,036
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.20%	173.53%	160.74%	147.13%	130.54%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
CalPERS					
District's proportion of the net pension liability	0.1707%	0.1616%	0.1615%	0.1642%	0.1682%
District's proportionate share of the net pension liability	$ 45,522,209	$ 38,572,724	$ 31,896,350	$ 24,203,242	$ 19,094,795
District's covered-employee payroll	$ 22,556,654	$ 21,034,893	$ 20,420,486	$ 18,212,837	$ 17,386,672
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.81%	183.37%	156.20%	132.89%	109.82%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

Notes to Schedule:

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

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2019

Last Ten Fiscal Years*

	2019	2018	2017	2016	2015
CalSTRS					
Contractually required contribution	$ 11,292,017	$ 9,493,757	$ 7,661,578	$ 6,101,023	$ 4,754,212
Contributions in relation to the contractually required contribution	11,292,017	9,493,757	7,661,578	6,101,023	4,754,212
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 69,361,282	$ 65,791,801	$ 60,902,846	$ 56,859,487	$ 53,538,423
Contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS					
Contractually required contribution	$ 4,464,554	$ 3,503,274	$ 2,921,326	$ 2,419,215	$ 2,143,833
Contributions in relation to the contractually required contribution	4,464,554	3,503,274	2,921,326	2,419,215	2,143,833
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 24,717,941	$ 22,556,654	$ 21,034,893	$ 20,420,486	$ 18,212,837
Contributions as a percentage of covered-employee payroll	18.062%	15.531%	13.888%	11.847%	11.771%

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

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2019

Last 10 Fiscal Years*

	2019	2018
Total OPEB liability		
Service cost	$ 239,343	$ 244,523
Interest	183,267	163,927
Changes of assumptions or other inputs	62,543	(73,379)
Benefit payments	(645,523)	(376,732)
Net change in total OPEB liability	(160,370)	(41,661)
Total OPEB liability - beginning	5,382,530	5,424,191
Total OPEB liability - ending	$ 5,222,160	$ 5,382,530
Covered-employee payroll	$ 91,867,859	$ 88,138,734
Total OPEB liability as a percentage of covered-employee payroll	5.68%	6.11%

Notes to Schedule:
The discount rate was changed from 3.62% for the measurement date of June 30, 2018 to 3.13% for the measurement date of June 30, 2019.

** 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 the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2019

	2018	2017
District's proportion of net OPEB liability	0.1927%	0.1819%
District's proportionate share of net OPEB liability	$ 737,690	$ 765,184
Covered-employee payroll	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	0.40%	0.01%

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

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

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

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

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

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

Schedule of District Contributions

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

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

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

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life. The discount rate was changed from 3.62% for the measurement date of June 30, 2018 to 3.13% for the measurement date of June 30, 2019.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

Change of assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

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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 nine 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, 2019 were as follows:

BOARD OF EDUCATION

Member	Office	Term Expires
Craig Bueno	President	November, 2022
Chuck Rogge	Clerk	November, 2020
Emily Prusso	Member	November, 2022
Chris Wenzel	Member	November, 2020
Anne White	Member	November, 2022

DISTRICT ADMINISTRATORS

Dr. Kelly Bowers,
Superintendent

Chris Van Schaack,
Deputy Superintendent, Administrative Services

Mike Biondi,
Assistant Superintendent, Educational Services

Susan Kinder,
Assistant Superintendent, Business Services

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2019

	Second Period Report Certificate No. (F97C00A8)	Annual Report Certificate No. (C8204EA2)
Regular ADA & Extended Year:		
Grades TK - 3	4,079.55	4,080.34
Grades 4 - 6	2,885.70	2,885.22
Grades 7 - 8	2,027.19	2,027.02
Grades 9 - 12	4,148.41	4,129.90
Total Regular ADA	13,140.85	13,122.48
Special Education, Nonpublic, Nonsectarian Schools:		
Grades TK - 3	0.09	0.09
Grades 4 - 6	4.49	4.57
Grades 7 - 8	1.70	1.85
Grades 9 - 12	16.15	14.13
Total Special Education, Nonpublic, Nonsectarian Schools	22.43	20.64
Total ADA	13,163.28	13,143.12

Grade Level	Required	2018-19 Actual Minutes	Number of Days Traditional Calendar*	Status
Kindergarten	36,000	46,780	179	Complied
Grade 1	50,400	52,900	179	Complied
Grade 2	50,400	52,900	179	Complied
Grade 3	50,400	52,900	179	Complied
Grade 4	54,000	54,160	179	Complied
Grade 5	54,000	54,160	179	Complied
Grade 6	54,000	56,220	179	Complied
Grade 7	54,000	56,220	179	Complied
Grade 8	54,000	56,220	179	Complied
Grade 9	64,800	65,240	179	Complied
Grade 10	64,800	65,240	179	Complied
Grade 11	64,800	65,240	179	Complied
Grade 12	64,800	65,240	179	Complied

*The District had an emergency closure on November 16, 2018. The CDE granted the District a waiver pursuant to California Education Code sections 46200, 46201, 46207, and/or 46208.

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2019

General Fund	(Budget) 2020 [3]	2019 [4]	2018	2017
Revenues and other financing sources	$ 153,243,760	$ 163,492,459	$ 148,381,116	$ 135,920,409
Expenditures (total outgo)	152,983,677	166,065,629	146,222,567	135,378,466
Change in fund balance (deficit)	260,083	(2,573,170)	2,158,549	541,943
Ending fund balance	$ 11,406,639	$ 11,146,556	$ 13,719,726	$ 11,561,177
Available reserves [1]	$ 5,221,728	$ 5,387,513	$ 6,314,562	$ 7,742,760
Available reserves as a percentage of total outgo	3.4%	3.2%	4.3%	5.7%
Total long-term debt	$ 293,335,622	$ 299,087,955	$ 298,315,553	$ 290,616,853
Average daily attendance at P-2 [2]	13,275	13,163	13,247	12,685

The General Fund balance has decreased by $414,261 over the past two years. The fiscal year 2019-20 adopted budget projects an increase of $260,083. 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 only one of the past three years, and anticipates incurring an operating surplus during the 2019-20 fiscal year. Long-term debt has increased by $8.47 million over the past two years.

Average daily attendance has increased by 478 over the past two years. ADA is expected to increase by 112 during fiscal year 2019-20.

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

[2] Excludes Adult Education ADA.

[3] Revised Budget August 2019.

[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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2019

	Cafeteria Fund	Building Fund	Capital Facilities Fund
June 30, 2019, annual financial and budget report fund balance	$ 52,145	$ 26,129,743	$ 4,475,112
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Accounts Receivable Overstated	(44,146)	-	-
Accounts Payable Understated	-	(183,830)	(92,618)
June 30, 2019, reported financial statement fund balances	$ 7,999	$ 25,945,913	$ 4,382,494

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

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	$ 154,369	
National School Lunch Program	10.555	13523	1,319,374	
USDA Donated Foods	10.555	13391	238,426	
Subtotal Child Nutrition Cluster				$ 1,712,169
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13666	28,373	
CACFP in Lieu of Commodities	10.558	13389	1,394	
Subtotal Child and Adult Care Food Program Cluster				29,767
Total U.S. Department of Agriculture				1,741,936
U.S. Department of Education:				
Indian Education	84.060	10011		98,249
Passed through California Dept. of Education (CDE):				
Adult Basic Education Cluster (ABE):				
Adult Basic Education & ESL	84.002A	14508	55,147	
Adult Secondary Education	84.002	13978	14,850	
English Literacy & Civics Education	84.002A	14109	19,817	
Subtotal Adult Basic Education Cluster				89,814
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		1,174,446
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14838		263,753
Title II, Part A, Supporting Effective Instruction	84.367	14341		350,824
English Language Acquisition Grants Cluster:				
Title III, Limited English Proficiency	84.365	14346	241,806	
Title III, Immigrant Education Program	84.365	15146	49,117	
Subtotal English Language Acquisition Grants Cluster				290,923
Vocational and Applied Tech Secondary II, Carl Perkins Act	84.048	14894		62,517
Individuals with Disabilities Education Act (IDEA):				
Passed through the Tri-Valley SELPA				
Special Education Cluster:				
Local Assistance Entitlement	84.027	13379	2,903,997	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	68,060	
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	153,288	
Preschool Staff Development	84.173A	13431	718	
Subtotal Special Education Cluster (IDEA)				3,126,063
Total U.S. Department of Education				5,456,589
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education:				
Medicaid Cluster:				
Medi-Cal Billing Option	93.778	10013		199,779
Mental Health Awareness Training Grants	93.243	N/A		59,014
Total U.S. Department of Health & Human Services				258,793
Total Expenditures of Federal Awards				$ 7,457,318

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

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 met its LCFF target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the Education Code.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2019.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 7,419,346
Differences between Federal Revenues and Expenditures:		
Medi-Cal Billing Option	93.778	37,972
Total Schedule of Expenditures of Federal Awards		$ 7,457,318

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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, 2019, 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 November 8, 2019.

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 | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
November 8, 2019

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

Board of Education
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 *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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2019.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Nigro & Nigro, PC

Murrieta, California
November 8, 2019

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 *2018-19 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, 2019.

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Livermore Valley Joint Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about 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.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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, 2019.

Nigro & Nigro, PC

Murrieta, California
November 8, 2019

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 reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027 & 84.173	Special Education Cluster (IDEA)

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

State Awards

Type of 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
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2018-19.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

There were no federal award findings or questioned costs in 2018-19.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

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

There were no state award findings or questioned costs in 2018-19.

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There were no findings or questioned costs in 2017-18.