LAS LOMITAS ELEMENTARY SCHOOL DISTRICT

COUNTY OF SAN MATEO
MENLO PARK, CALIFORNIA

AUDIT REPORT

JUNE 30, 2020

Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SAN MATEO COUNTY

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SAN MATEO COUNTY

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FINANCIAL SECTION

Chavan and Associates, llp
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Las Lomitas Elementary School District
Menlo Park, 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 Las Lomitas Elementary School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

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Certified Public Accountants

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of CalPERS pension plan contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension plan contributions, schedule of STRS proportionate share of net pension liability, schedule of contributions for other postemployment benefits, and schedule of changes in net OPEB liability, as listed in the table of contents, 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.

Supplementary 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 combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget Report to the audited financial statements, as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, and the reconciliation of the Annual Financial and Budget Report to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the

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basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, and the reconciliation of the Annual Financial and Budget Report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools and schedule of financial trends and analysis have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021 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.

C & A LLP

March 2, 2021
San Jose, California

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Management's Discussion and Analysis

This discussion and analysis of the Las Lomitas Elementary School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020.The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2019-20 are as follows:

- Total net position from governmental activities increased by $962,256 during the year.
- General revenue accounted for $36,219,081 of the District's $38,910,245 in total revenue.
- The District's total assets decreased by $1,322,295, or 1%, from June 30, 2019. Total liabilities decreased by $3,660,713, or 2.8%, from June 30, 2019.
- The District had $44,944,855MDA in expenditures for all governmental funds, excluding other financing uses.
- Among major funds, the General Fund had $29,769,644 in revenues and $29,234,879 in expenditures, exclusive of interfund transfers. The fund balance in the General Fund increased by $534,765 from June 30, 2019 to June 30, 2020.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Las Lomitas Elementary School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the District-wide financial statements and provide information about the activities of the District as a whole, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Las Lomitas Elementary School District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, district-wide and funds.

- District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and additional support for the financial statements.

District-Wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2019 - 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and change in net position. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, and pupil transportation. The District does not have any business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The District is the trustee for assets that belong to the La Entrada Student Council. The District is responsible for ensuring that the assets reported are used only for intended purposes and by those to whom the assets belong. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

The District as a Whole

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

Table 1 provides a summary of the District's net position as of June 30, 2020.

Table 1 - Summary of Statement of Net Position

	2020	2019	Change	Percentage Change
Assets				
Current & Other Assets	$ 43,297,877	$ 49,354,560	$ (6,056,683)	-12.27%
Capital Assets	91,110,956	86,376,568	4,734,388	5.48%
Total Assets	$ 134,408,833	$ 135,731,128	$ (1,322,295)	-0.97%
Total Deferred Outflows of Resources	$ 8,739,295	$ 8,779,646	$ (40,351)	-0.46%
Liabilities				
Current Liabilities	$ 3,006,129	$ 2,491,201	$ 514,928	20.67%
Long-term Liabilities	124,117,954	128,293,595	(4,175,641)	-3.25%
Total Liabilities	$ 127,124,083	$ 130,784,796	$ (3,660,713)	-2.80%
Total Deferred Outflows of Resources	$ 3,586,243	$ 2,250,432	$ 1,335,811	37.25%
Net Position				
Net Investment in Capital Assets	$ 13,561,768	$ 11,996,049	$ 1,565,719	13.05%
Restricted	9,591,954	8,426,690	1,165,264	13.83%
Unrestricted	(10,715,920)	(8,947,193)	(1,768,727)	-19.77%
Total Net Position	$ 12,437,802	$ 11,475,546	$ 962,256	8.39%

The District's net position was $12,437,802. Of this amount $13,561,768 was invested in capital assets net of related debt.

Table 2 shows the change in net position for fiscal year 2019-20.

Table 2 - Summary of Changes in Statement of Activities

	2020	2019	Change	Percentage Change
Revenues				
Program revenues	$ 2,691,164	$ 3,334,935	$ (643,771)	-19.30%
General revenues:				
Property taxes	30,409,595	26,077,523	4,332,072	16.61%
Grants and entitlements - unrestricted	1,317,483	1,488,034	(170,551)	-11.46%
Other	4,492,002	4,913,601	(421,599)	-8.58%
Total Revenues	38,910,244	35,814,093	3,096,151	8.65%
Program Expenses				
Instruction	22,182,254	21,849,037	333,217	1.53%
Instruction-related services	3,062,019	2,748,633	313,386	11.40%
Pupil services	2,543,430	2,265,499	277,931	12.27%
General administration	2,672,468	2,612,546	59,922	2.29%
Plant services	3,778,686	2,913,920	864,766	29.68%
Other outgo	103,656	90,035	13,621	15.13%
Interest on long-term debt	3,605,475	2,512,064	1,093,411	43.53%
Total Expenses	37,947,988	34,991,734	2,956,254	8.45%
Change in Net Position	962,256	822,359	139,897	17.01%
Begininng Net Position	11,475,546	10,653,187	822,359	7.72%
Ending Net Position	$ 12,437,802	$ 11,475,546	$ 962,256	8.39%

The District's total revenues increased by 8.65% from 2018-19 to 2019-20. Local property taxes increased by 16.61% over the prior year. These local taxes are a combination of incremental increases in residential property taxes, restricted to service the debt on the District's Measure S and Measure R general obligation bonds, and regular residential property taxes. Interest expense has increased in relation to the bonds and new issuances. Other program expenses have increased as new buildings are placed in service and depreciated.

Governmental Activities

Direct Instruction Costs comprise 58 percent of district expenses. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by General Fund Revenues.

Table 3 - Net Cost of Services

	2020	2019	Change	Percentage Change
Instruction	$ 20,541,643	$ 19,791,163	$ 750,480	3.79%
Instruction-related services	2,882,204	2,474,522	407,682	16.48%
Pupil services	2,392,809	2,137,653	255,156	11.94%
General administration	2,637,369	2,513,064	124,305	4.95%
Plant services	3,470,624	2,844,727	625,897	22.00%
Other outgo	(273,300)	(616,394)	343,094	-55.66%
Interest on long-term debt	3,605,475	2,512,064	1,093,411	43.53%
Total Net Cost of Services	$ 35,256,824	$ 31,656,799	$ 3,600,025	11.37%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-Related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities to keep the school grounds, buildings, and equipment in an effective working condition.

Other Outgo includes payment to the County Office of Education and other school districts for providing services for Special Education students.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

The District's governmental funds report a combined fund balance of $42,038,748, which is a decrease from last year's total of $48,073,359. Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Summary of Fund Balances

	2020	2019	Change	Percentage Change
General Fund	$ 16,621,067	$ 16,086,302	$ 534,765	3.3%
Building Fund	15,361,120	22,984,401	(7,623,281)	-33.2%
Bond Interest and Redemption Fund	8,053,337	7,105,046	948,291	13.3%
Nonmajor Funds	2,003,224	1,897,610	105,614	5.6%
Total Fund Balances	$ 42,038,748	$ 48,073,359	$ (6,034,611)	-12.6%

General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on the modified accrual basis of accounting.

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2019-20 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim, which resulted in an increase in budgeted expenditures of $2,769,886 from the original to final budget. The General Fund budget basis revenue increased by $1,249,650 from original to final budgets.

Capital Assets

At the end of the fiscal year 2019-20, the District had $117,251,486 invested in land, buildings, furniture and equipment. Table 5 summarizes the District's capital assets, net of depreciation.

Table 5 - Summary of Capital Assets Net of Depreciation

	2020 Net Capital Asset	2019 Net Capital Asset	Change	Percentage Change
Land	$ 3,502,038	$ 3,502,038	$ -	0.00%
Construction in progress	7,210,985	60,633,014	(53,422,029)	-88.11%
Site Improvements	695,947	1,021,815	(325,868)	-31.89%
Buildings and Improvements	79,529,918	20,666,188	58,863,730	284.83%
Property and Equipment	172,068	553,513	(381,445)	-68.91%
Total Capital Assets - Net	$ 91,110,956	$ 86,376,568	$ 4,734,388	5.48%

Long-Term Liabilities

Table 6 summarizes the changes in long-term liabilities:

Table 6 - Summary of Long-term Liabilities				
	2020	2019	Change	Percentage Change
General Obligation Bonds	$ 87,190,000	$ 91,140,000	$ (3,950,000)	-4.33%
Unamortized Bond Premiums	5,767,529	6,366,580	(599,051)	-9.41%
Net Pension Liabilities	29,182,837	27,634,562	1,548,275	5.60%
Net OPEB Liability	1,727,276	2,934,684	(1,207,408)	-41.14%
Compensated Absences	250,312	217,769	32,543	14.94%
Total Long-term Liabilities	$ 124,117,954	$ 128,293,595	$ (4,175,641)	-3.25%

On March 11, 2016, the District issued $11,495,000 of 2016 General Obligation Refunding Bonds. The bonds refunded $12,515,000 of 2005 General Obligation Refunding Bonds resulting in nearly $1 million in savings to local taxpayers.

In November of 2013, the voters of the District approved a new bond measure for the District to repair and improve aging schools by issuing $60,000,000 in bonds at legal rates, with citizens' oversight, and no money for administrators. The District will build classrooms for increased student enrollment, update or replace aging classrooms to meet current health and safety codes, renovate heating and electrical systems to save on energy costs, support 21st century instructional technology, and acquire, repair, or construct sites, facilities and equipment. In fiscal year 2016, the District issued $30,000,000 from the approved bond measure and refunded all outstanding bonds for a total issuance of $41,495,000. In fiscal year 2018 the District issued $30,000,000 from the approved bond measure for a total issuance of $71,495,000.

In the Election of 2018, the voters of the District approved a new bond measure for the District to repair and improve aging schools by issuing $70,000,000 in bonds at legal rates, with citizens' oversight, and no money for administrators. The District will build classrooms for increased student enrollment, update or replace aging classrooms to meet current health and safety codes, renovate heating and electrical systems to save on energy costs, support 21st century instructional technology, and acquire, repair, or construct sites, facilities and equipment. In September 2018, the District issued $30,000,000 from the approved bond measure.

Factors Bearing on the District's Future

The District's 2020-21 budget and multi-year projections include projected movement on the salary schedules for units earned and years of service. Negotiated salary increases for employees are added to the budget at the time of the specific employee group's settlement. Certificated staffing remained static in the multi-year projections as a result of attrition, to maintain instructional program needs, and as a result of no increase to student enrollment. Classified staffing is anticipated to remain static as well in the multi-year projections.

Enrollment has seen a slight decline in the current and last year. The District has been studying this pattern and is budgeting for continued flat or slight declines in enrollment. Costs for Special Education services continue to increase, and the District is constantly differentiating programs to better serve all of its students and to provide improved services to targeted students within the District.

As the state has fully implemented of the Local Control Funding Formula, Las Lomitas Elementary School District will remain a Basic Aid (Community Funded) district. This means that the District will continue to rely on local property taxes as the largest single source of revenue. Increases to revenue will primarily be determined by taxes assessed on local property valuations and the stability of this revenue will vary with the local economy. The District's property tax income for 2020-21 is projected to be 6.0% more than in 2019-20. In subsequent years property tax revenues are projected to increase by 8% in 21/22 and 4% thereafter.

Ongoing sources of State Revenue are limited to Lottery funding, the Mandated Cost Block Grant, and the STRS On Behalf Contribution. Flat funding for state revenue is budgeted for the two out years in the multi-year projections. The Las Lomitas Education Foundation grant to the District is budgeted for $1,600,000 and sources indicate the Foundation will meet this base amount. Parcel tax revenue is expected to remain constant as the number of seniors eligible for exemption has stabilized since approving the tax in 2007. Rental income is adjusted annually according to the individual lease agreements with the District's three tenants.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Steven Fuentes, Chief Business Officer, Las Lomitas Elementary School District, 1011 Altschul Avenue, Menlo Park, CA 94025.

Basic Financial Statements

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

		Governmental Activities
Assets		
Current assets:		
Cash and investments	$	42,421,073
Accounts receivable		861,647
Other current assets		15,157
Total current assets		43,297,877
Noncurrent assets:		
Capital assets:		
Nondepreciable		70,913,645
Depreciable - net		20,197,311
Capital assets - net		91,110,956
Total Assets	$	134,408,833
Deferred Outflows of Resources		
Deferred loss on early retirement of long-term debt	$	47,221
OPEB adjustments		692,001
Pension adjustments		8,000,073
Total Deferred Outflows of Resources	$	8,739,295
Liabilities		
Current liabilities:		
Accounts payable	$	1,073,604
Unearned revenue		185,525
Accrued interest		1,747,000
Total current liabilities		3,006,129
Long-term liabilities:		
Due within one year:		
General obligation bonds payable		5,760,000
Due after one year:		
General obligation bonds payable		81,430,000
Unamortized bond premium		5,767,529
Net pension liability		29,182,837
Net OPEB liability		1,727,276
Compensated absences payable		250,312
Total due after one year		118,357,954
Total long-term liabilities		124,117,954
Total Liabilities	$	127,124,083
Deferred Inflows of Resources		
OPEB adjustments	$	826,252
Pension adjustments		2,759,991
Total Deferred Inflows of Resources	$	3,586,243
Net Position		
Net investment in capital assets	$	13,561,768
Restricted for:		
Debt service		8,053,337
Educational programs		1,527,782
Site repairs		10,835
Total restricted net position		9,591,954
Unrestricted		(10,715,920)
Total Net Position	$	12,437,802

The notes to basic financial statements are an integral part of this statement.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 22,182,254	$ 43,866	$ 1,596,745	$ (20,541,643)
Instruction-related services:				
Supervision of instruction	850,516	4,819	52,886	(792,811)
Instruction library, media and technology	546,031	-	23,481	(522,550)
School site administration	1,665,472	16	98,613	(1,566,843)
Pupil services:				
Home-to-school transportation	844,183	-	-	(844,183)
Food services	35,358	-	13,066	(22,292)
All other pupil services	1,663,889	12,215	125,340	(1,526,334)
General administration:				
Data processing	791,431	-	-	(791,431)
All other general administration	1,881,037	-	35,099	(1,845,938)
Plant services	3,778,686	490	307,572	(3,470,624)
Other outgo	103,656	90,988	285,968	273,300
Interest on long-term debt	3,605,475	-	-	(3,605,475)
Total governmental activities	$ 37,947,988	$ 152,394	$ 2,538,770	(35,256,824)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				20,811,117
Taxes levied for debt service				8,406,595
Taxes levied for other specific purposes				1,191,883
Federal and state aid not restricted to specific purposes				1,317,483
Interest and investment earnings				374,863
Rental income				2,172,259
Miscellaneous				1,944,880
Total general revenues				36,219,080
Change in net position				962,256
Net position beginning				11,475,546
Net position ending				$ 12,437,802

The notes to basic financial statements are an integral part of this statement.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 16,825,385	$ 15,590,198	$ 8,025,611	$ 1,979,879	$ 42,421,073
Accounts receivable	737,636	70,561	27,726	25,724	861,647
Other assets	15,157	-	-	-	15,157
Total Assets	$ 17,578,178	$ 15,660,759	$ 8,053,337	$ 2,005,603	$ 43,297,877
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 771,586	$ 299,639	$ -	$ 2,379	$ 1,073,604
Unearned revenue	185,525	-	-	-	185,525
Total Liabilities	957,111	299,639	-	2,379	1,259,129
Fund balances:					
Nonspendable:					
Revolving fund	1,000	-	-	-	1,000
Prepaid expenses	15,157	-	-	-	15,157
Restricted for:					
Capital projects	-	15,361,120	-	-	15,361,120
Educational programs	1,527,782	-	-	-	1,527,782
Site repairs	-	-	-	10,835	10,835
Debt service	-	-	8,053,337	-	8,053,337
Committed for:					
Repairs and maintenance	-	-	-	1,845,608	1,845,608
Site repairs	-	-	-	145,127	145,127
Assigned for:					
Capital projects	8,956,532	-	-	1,654	8,958,186
Educational programs	4,936,681	-	-	-	4,936,681
Unassigned:					
Economic uncertainties	900,539	-	-	-	900,539
Unappropriated	283,376	-	-	-	283,376
Total Fund Balances	16,621,067	15,361,120	8,053,337	2,003,224	42,038,748
Total Liabilities and Fund Balances	$ 17,578,178	$ 15,660,759	$ 8,053,337	$ 2,005,603	$ 43,297,877

The notes to basic financial statements are an integral part of this statement.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds		$ 42,038,748
Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $117,251,486 and the accumulated depreciation is $26,140,530.		91,110,956
Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the governmental funds.		(1,747,000)
The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.		47,221
The differences between projected and actual amounts in pension and OPEB plans are not included in the plans actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:		
OPEB adjustments:		
Difference between actual and expected experience		(826,252)
Difference between actual and expected earnings		25,237
Contribution subsequent to measurement date		666,764
Pension adjustments:		
Difference between actual and expected experience		78,005
Difference between actual and expected earnings		(878,176)
Change in assumptions		3,027,640
Differences in proportionate share of contributions		(393,819)
Changes in employer's proportionate shares		428,071
Contribution subsequent to measurement date		2,978,361
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 87,190,000	
Net pension liabilities	29,182,837	
Unamortized bond premium	5,767,529	
Net OPEB liability	1,727,276	
Compensated absences (vacation)	250,312	(124,117,954)
Total net position - governmental activities		$ 12,437,802

The notes to basic financial statements are an integral part of this statement.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	$ 21,623,377	$ -	$ -	$ 158,000	$ 21,781,377
Federal	304,608	-	-	-	304,608
Other state	1,983,788	-	15,526	-	1,999,314
Other local	5,857,871	383,182	8,455,852	128,040	14,824,945
Total revenues	29,769,644	383,182	8,471,378	286,040	38,910,244
Expenditures:					
Current					
Instruction	19,270,856	-	-	-	19,270,856
Instruction-related services:					
Supervision of instruction	757,174	-	-	-	757,174
Instruction library, media and technology	374,915	-	-	-	374,915
School site administration	1,514,156	-	-	-	1,514,156
Pupil services:					
Home-to-school transportation	721,495	-	-	-	721,495
Food services	33,496	-	-	-	33,496
All other pupil services	1,556,201	-	-	-	1,556,201
General administration:					
Data processing	749,748	-	-	-	749,748
All other general administration	1,750,997	-	-	-	1,750,997
Plant services	2,372,978	-	-	83,426	2,456,404
Facility acquisition and construction	29,207	8,006,463	-	97,000	8,132,670
Other outgo	103,656	-	-	-	103,656
Debt service:					
Principal	-	-	3,950,000	-	3,950,000
Interest and fees	-	-	3,573,087	-	3,573,087
Total expenditures	29,234,879	8,006,463	7,523,087	180,426	44,944,855
Excess (deficiency) of revenues over (under) expenditures	534,765	(7,623,281)	948,291	105,614	(6,034,611)
Net change in fund balances	534,765	(7,623,281)	948,291	105,614	(6,034,611)
Fund balances beginning	16,086,302	22,984,401	7,105,046	1,897,610	48,073,359
Fund balances ending	$ 16,621,067	$ 15,361,120	$ 8,053,337	$ 2,003,224	$ 42,038,748

The notes to basic financial statements are an integral part of this statement.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds	$ (6,034,611)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities , the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions of $7,356,013 is greater than than depreciation expense of $2,621,625.	4,734,388
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:	
Amortization of loss on refunding	(94,439)
Repayment of bond principal	3,950,000
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt:	599,051
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	(2,048,915)
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation time earned was greater than the amount used by:	(32,543)
In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	426,325
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(537,000)
Changes in net position of governmental activities	$ 962,256

The notes to basic financial statements are an integral part of this statement.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Student Body Agency Fund
Assets	
Cash on hand and in banks	$ 7,278
Total Assets	$ 7,278
Liabilities	
Due to student group	$ 7,278
Total Liabilities	$ 7,278

The notes to basic financial statements are an integral part of this statement.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Las Lomitas Elementary School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The District was organized under the laws of the State of California. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District provides educational services to grades kindergarten through eighth and operates one elementary school and one middle school. The District's combined financial statements include the accounts of all its operations.

Component Units:

The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2020, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of Net Position and the statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Fiduciary funds are reported using the economic resources measurement focus except for agency fund, which have no measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

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

Deferred Outflows/Deferred Inflows:

In addition to assets, the Statement of Net Position includes 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(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports 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(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the District’s benefit plans liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Projects.

The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following nonmajor special revenue fund:

- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of district property.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

- The *Special Reserve Fund for Capital Projects* exists primarily to account for major repairs of buildings and operational systems, construction or remodeling, new or replacement equipment, and any other qualifying capital expenditures.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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

G. Encumbrances

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

H. 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 Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and STRS. 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.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

I. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. 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.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

J. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District's central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption. The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

4. Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	3-5

5. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

6. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

Consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education, the County Office maintains a reserve for economic uncertainties to safeguard the County Office's financial stability. The minimum recommended reserve for a County Office of this size is a minimum of three percent of budgeted general fund expenditures and other financing uses. The County Office policy is to maintain the reserve at six percent.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) with the General Fund because those funds do not meet the definition of a special revenue fund as defined by GASB 54.

8. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

As of June 30, 2020, capital assets net of accumulated depreciation totaling $92,531,167 was increased by unspent bond proceeds of $15,361,120 and deferred loss on early retirement of long-term debt of $47,221. It was then reduced by related debt of $87,190,000 and premiums of $5,767,529.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Educational Program restrictions reflect the amounts to be expended on specific school programs that are legally restricted.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

9. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District’s allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

10. Risk Management

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. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group (SMCSIG) public entity risk pools currently operating as common risk management and insurance programs. The District pays an annual premium for its property and casualty, workers’ compensation, medical, unemployment and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

11. Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

12. Accounting Estimates

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

K. Upcoming Accounting and Reporting Changes

GASB 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 were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

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 were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*

This Statement addresses interest costs 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. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The 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. This Statement also requires that a component unit in which a government has 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. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. 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. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

The 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 also clarifies 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 commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 92, *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB

Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements**.**

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements**.**

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements**.**

NOTE 2 - CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2020 is as follows:

Deposit or Investment	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash in county treasury investment pool	$ 42,420,071	$ 43,259,988
Cash with fiscal agent	2	2.00
Cash in revolving fund	1,000	1,000
Total Government-Wide Cash and Investments	42,421,073	43,260,990
Fiduciary Funds:		
Cash in banks	7,278	7,278
Total Cash and Investments	$ 42,428,351	$ 43,268,268

Cash in banks and revolving funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2020, the bank balance of the District's bank accounts was fully insured by FDIC.

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the San Mateo 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.

Policies and Practices

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

1. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the County of San Mateo Investment Pool. The pool has a fair value of approximately $1.62 billion and an amortized book value of $1.6 billion.

2. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least A-1 by Standard & Poor's.

3. 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. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public 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.

4. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

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

Accounts Receivable	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Total
Federal Government	$ 262,538	$ -	$ -	$ -	$ 262,538
State Government	131,497	-	-	-	131,497
Local Resources	100,905	70,561	-	-	171,466
Other Resources	242,696	-	27,726	25,724	296,146
Total Accounts Receivable	$ 737,636	$ 70,561	$ 27,726	$ 25,724	$ 861,647

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital assets consisted of the following as of June 30, 2020:

Capital Assets	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
Land - not depreciable	$ 3,502,038	$ -	$ -	$ 3,502,038
Construction in progress	60,633,014	7,210,985	(60,633,014)	7,210,985
Site improvements	5,405,423	-	-	5,405,423
Buildings and improvements	37,640,832	60,633,014	-	98,273,846
Furniture and equipment	2,714,166	145,028	-	2,859,194
Total capital assets	109,895,473	67,989,027	(60,633,014)	117,251,486
Less accumulated depreciation for:				
Site improvements	4,383,608	325,868	-	4,709,476
Buildings and improvements	16,974,644	1,769,284	-	18,743,928
Furniture and equipment	2,160,653	526,473	-	2,687,126
Total accumulated depreciation	23,518,905	2,621,625	-	26,140,530
Total capital assets - net	$ 86,376,568	$ 65,367,402	$ (60,633,014)	$ 91,110,956

Depreciation expense was charged to governmental activities as follows:

Function	Amount
Instruction	$ 1,807,475
Supervision of instruction	51,246
Instruction library, media and technolog	150,272
School site administration	67,135
Home-to-school transportation	82,576
All other pupil services	21,170
All other general administration	32,692
Plant services	409,059
Total depreciation expense	$ 2,621,625

NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

The following is a schedule of changes in long-term liabilities for the year ended June 30, 2020:

Long-term Liabilities	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
General obligation bonds	$ 91,140,000	$ -	$ 3,950,000	$ 87,190,000	$ 5,760,000
Unamortized bond premium	6,366,580	-	599,051	5,767,529	-
Net pension liability	27,634,562	10,730,932	9,182,657	29,182,837	-
Net OPEB Liability	2,934,684	953,059	2,160,467	1,727,276	-
Compensated absences	217,769	32,543	-	250,312	-
Total Long-term Liabilities	$ 128,293,595	$ 11,716,534	$ 15,892,175	$ 124,117,954	$ 5,760,000

Payments on the general obligation bonds are made by the bond interest and redemption fund from local revenues. The compensated absences will be paid by the fund for which the employee worked.

NOTE 7 - LONG-TERM LIABILITIES

Through elections, the District received authorization to issue general obligation bonds that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

On March 11, 2015, the District issued $11,495,000 of 2015 General Obligation Refunding Bonds. The bonds were issued under and pursuant to a Resolution of the Board of Education. Interest is payable on July 1 and January 1 and principal is payable on July 1 each year through maturity. The proceeds of the Bonds were used to refund a portion of the outstanding principal of the District’s 2005 General Obligation Refunding Bonds in the amount of $12,515,000. The proceeds of the prior bonds were used to defease various General Obligation Bonds. The proceeds of the new bonds have been used to purchase U.S. Government Securities that were placed in separate irrevocable trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the advance refunding met the requirements of an in-substance debt defeasance and therefore was removed as a liability from the District's government-wide financial statements. The advance refunding of the 2005 general obligation refunding bonds resulted in a difference of $253,678 between the reacquisition price and the net carrying value amount of the old debt. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged (amortized) to operations through fiscal year 2021 using the straight line method. The

District completed the advance refunding to reduce its total debt service payments over the next 5 years by $520,968 and received a premium of $1,392,509.

On March 11, 2015 the District issued $30,000,000 of 2013 General Obligation Bonds, Series A, to finance construction projects and facilities improvements. Gross proceeds from the bond were $32,673,476, which included a premium of $2,673,476. Net proceeds of $32,370,550 were deposited with the County in the District's name, after bond issuance costs of $211,815 and underwriter's discounts of $91,111. Of the net proceeds deposited, $29,788,185 was deposited into the Measure S building fund and $2,585,365 was recorded in the bond interest and redemption fund.

On October 3, 2017 the District issued $30,000,000 of 2013 General Obligation Bonds, Series B, to finance construction projects and facilities improvements. Gross proceeds from the bond were $32,165,912, which included a premium of $2,165,912. Net proceeds of $32,165,912 were deposited with the County in the District's name, after bond issuance costs of $215,000 and underwriter's discounts of $93,633. Of the net proceeds deposited, $29,785,000 was deposited into the Measure S building fund.

On September 12, 2018 the District issued $30,000,000 of 2018 General Obligation Bonds, Series A, to finance construction projects and facilities improvements. Gross proceeds from the bond were $31,740,109, which included a premium of $1,740,109. Net proceeds of $31,740,109 were deposited with the County in the District's name, after bond issuance costs of $223,000 and underwriter's discounts of $93,347. Of the net proceeds deposited, $29,777,000 was deposited into the Measure R building fund and $1,645,762 was deposit into the Debt Service Fund.
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The outstanding General Obligation Bond debt consisted of the following as of June 30, 2020:

Bonds	Year Issued	Interest Rate	Year of Maturity	Original Issue	Outstanding July 01, 2019	Issued	Redeemed	Outstanding June 30, 2020
2013 GOB, Series A	2015	1.75-5%	2041	$ 30,000,000	$ 25,930,000	$ -	$ 150,000	$ 25,780,000
2013 GOB, Series B	2018	1.75-5%	2040	30,000,000	30,000,000	-	1,315,000	28,685,000
2015 GOB Refunding	2015	1.75-5%	2021	11,495,000	5,210,000	-	2,485,000	2,725,000
2018 GOB, Series A	2019	1.51-4%	2044	30,000,000	30,000,000	-	-	30,000,000
Total Bonds				$ 101,495,000	$ 91,140,000	$ -	$ 3,950,000	$ 87,190,000

The annual debt service requirements of the General Obligation Bonds consisted of the following as of June 30, 2020:

Year Ending June 30	Principal	Interest	Total
2021	$ 5,760,000	$ 3,369,838	$ 9,129,838
2022	650,000	3,235,013	3,885,013
2023	780,000	3,211,938	3,991,938
2024	1,045,000	3,180,363	4,225,363
2025	1,265,000	3,137,488	4,402,488
2026-2030	10,360,000	14,552,540	24,912,540
2031-2035	19,310,000	11,346,717	30,656,717
2036-2040	31,225,000	6,487,490	37,712,490
2041-2045	16,795,000	943,012	17,738,012
Total Debt Service	$ 87,190,000	$ 49,464,399	$ 136,654,399

NOTE 8 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in a joint venture under a joint powers agreement (JPA) with the San Mateo County Schools Insurance Group (SMCSIG). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The SMCSIG arranges and provides workers' compensation, medical, property and liability insurance for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA.

The following is a summary the JPA financial statement information:

	SMCSIG June 30, 2019
Total Assets & Deferred Outflows	$ 26,765,380
Total Liabilities & Deferred Inflows	11,162,290
Total Equity	15,603,090
Total Revenues	45,275,439
Total Expenditures	45,026,058

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

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

Commitments

As of June 30, 2020, the District had a remaining commitment of approximately $2 million towards construction. These commitments are not a liability of the District's until services or goods have been rendered.

NOTE 10 - CALPERS PENSION PLAN

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

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

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	19.721%	19.721%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

For the year ended June 30, 2020 the District's contributions were as follows:

	CalPERS
Employer Contributions	$ 819,237
State Contributions	-
Total	$ 819,237

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 8,410,157

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	CalPERS
Proportion - June 30, 2019	0.02781%
Proportion - June 30, 2020	0.02886%
Change - Increase/(Decrease)	0.00105%

For the year ended June 30, 2020, the District recognized pension expense of $1,950,531 for the Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ 400,350	$ -
Differences between Expected and Actual Experience	610,915	-
Differences between Projected and Actual Investment Earnings	-	78,006
Differences between Employer's Contributions and Proportionate Share of Contributions	-	4,973
Change in Employer's Proportion	-	87,926
Pension Contributions Made Subsequent to Measurement Date	819,237	-
Total	$ 1,830,502	$ 170,905

The District reported $819,237 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

Fiscal Year Ending June 30:	**Deferred Outflows/ (Inflows) of Resources CalPERS**	
2021	$	702,555
2022		146,902
2023		131,976
2024		31,952
Total	$	1,013,385

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% used for this period.

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

	CalPERS
1% Decrease	6.15%
Net Pension Liability	$ 12,122,688
Current	7.15%
Net Pension Liability	$ 8,410,157
1% Increase	8.15%
Net Pension Liability	$ 5,330,356

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

NOTE 11 - CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS) PENSION PLAN

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	18.130%	18.130%
Required State contribution rates	10.328%	10.328%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2020 the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 2,159,124
State Contributions	1,548,140
Total	$ 3,707,264

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		Proportionate Share of Net Pension Liability/(Asset)
District	$	20,772,680
State		11,332,951
Total	$	32,105,631

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 9.124 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional $388,861 as required by SB90. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046..

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	CalSTRS
Proportion - June 30, 2019	0.02200%
Proportion - June 30, 2020	0.02300%
Change - Increase/(Decrease)	0.00100%

For the year ended June 30, 2020, the District recognized pension expense of $4,557,955 for the Plan, which included a state contribution of $1,548,140. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 2,627,290	$ -
Differences between Expected and Actual Experience	52,440	585,350
Differences between Projected and Actual Investment Earnings	-	800,170
Differences between Employer's Contributions and Proportionate Share of Contributions	61,134	449,980
Change in Employer's Proportion	1,269,583	753,586
Pension Contributions Made Subsequent to Measurement Date	2,159,124	-
Total	$ 6,169,571	$ 2,589,086

The District reported $2,159,124 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalSTRS
2021	$ 397,562
2022	(157,198)
2023	387,380
2024	712,885
2025	99,684
Thereafter	(18,952)
Total	$ 1,421,361

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually)
Maintain 85% purchasing power level for DB
Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return [1]
Global Equity	47.00%	4.75%
Fixed Income	12.00%	1.25%
Real Estate	13.00%	3.55%
Private Equity	13.00%	6.25%
Risk Mitigating Strategies	9.00%	1.75%
Inflation Sensitive	4.00%	3.25%
Cash/Liquidity	2.00%	-0.35%
Total	100.00%	

[1] 20 year average

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

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 30,932,240
Current	7.10%
Net Pension Liability	$ 20,772,680
1% Increase	8.10%
Net Pension Liability	$ 1,308,470

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

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The District's Postemployment Healthcare Plan (the OPEB plan) is a single-employer defined benefit healthcare plan.

Benefits Provided - The following is a summary of the plan benefits provided:

	Certificated	Classified
Benefits Provided:	Medical Only	Medical Only
Duration of Benefits:	Lifetime*	Lifetime**
Required Services:	10 years at age 60 plus one year per additional year before age 60	10 years at age 65 plus one year per additional year before age 65 to maximum of 20 years at age 55
Minimum Age:	55	55
Dependent Coverage:	No	No
Contribution Percentage:	50%	60%
Cap:	50% of least expensive of four plans with greatest participation	60% of least expensive plan

* Those hired after 12/31/010 are eligible for these benefits only to Medicare age
** Those hired after 5/31/2011 are eligible got these benefits only to Medicare age

Employees Covered by Benefit Terms - At June 30, 2019 (the valuation date), the benefit terms covered the following employees:

Active employees	154
Inactive employees	85
Total employees	239

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $666,764. Total contributions included in the measurement period were $667,451. The actuarially determined contribution for the measurement period was $331,397. The District's contributions and benefit payments were 4.07% of payroll during the fiscal year ended June 30, 2020. Employees are not required to contribute to the plan. The plan fiduciary net position assets are accumulated in an irrevocable trust.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	7.0%, Net of OPEB plan investment expenses, including inflation
Mortality	2009 CalSTRS Mortality and 2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement	Certificated 2009 CalSTRS Retirement Rates Hired before 2013: 2009 CalPERS Retirement Rates for School Employees Hired after 2012: 2009 CalPERS 2%@ 60 Retirement Rates for Miscellaneous Employees adjusted to reflect minimum retirement age 52
Service Requirement	Certificated Management: 100% at age plus service of at least 70 and minimum 10 years of service Certificated: 100% at age plus service of at least 70 and minimum 10 years of service Classified: 100% at age plus service of at least 75 and minimum 10 years of service Classified Management: 100% at age plus service of at least 75 and minimum 10 years of service

Discount Rate - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected

inflation.
The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43.00%	7.675%
US Small Cap	23.00%	7.675%
Long-Term Corporate Bonds	12.00%	5.175%
Long-Term Government Bonds	6.00%	4.380%
Treasury Inflation Protected Securities (TIPS)	5.00%	7.675%
US Real Estate	8.00%	7.675%
All Commodities	3.00%	7.675%
Total	100.00%	

Changes in the Net OPEB Liability - The following summarizes the changes in the net OPEB liability during the year ended June 30, 2020:

Fiscal Year Ended June 30, 2020 (Measurement Date June 30, 2019)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019	$ 7,464,824	$ 4,530,140	$ 2,934,684
Service cost	167,384	-	167,384
Interest in Total OPEB Liability	516,610	-	516,610
Employer contributions	-	667,451	(667,451)
Balance of diff between actual and exp experience	(945,999)	-	(945,999)
Actual investment income	-	278,922	(278,922)
Administrative expenses	-	(970)	970
Benefit payments	(303,943)	(303,943)	-
Net changes	(565,948)	641,460	(1,207,408)
Balance at June 30, 2020	$ 6,898,876	$ 5,171,600	$ 1,727,276

Covered Employee Payroll	$ 16,381,829
Total OPEB Liability as a % of Covered Employee Payroll	42.11%
Plan Fid. Net Position as a % of Total OPEB Liability	74.96%
Service Cost as a % of Covered Employee Payroll	1.02%
Net OPEB Liability as a % of Covered Employee Payroll	10.54%

Deferred Inflows and Outflows of Resources - At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ 826,252
Difference between actual and expected earnings	25,237	-
OPEB contribution subsequent to measurement date	666,764	-
Totals	$ 692,001	$ 826,252

Of the total amount reported as deferred outflows of resources related to OPEB, $666,764 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts 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,	
2021	$ (114,726)
2022	(114,726)
2023	(114,726)
2024	(109,572)
2025	(119,747)
Thereafter	(227,518)
Total	$ (801,015)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Service cost	$ 167,384
Interest in TOL	516,610
Expected investment income	(329,799)
Difference between actual and expected experience	(119,747)
Difference between actual and expected earnings	5,021
Administrative expenses	970
OPEB Expense	**$ 240,439**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2020, for the measurement date of June 30, 2019:

Net OPEB liability ending	$ 1,727,276
Net OPEB liability beginning	(2,934,684)
Change in net OPEB liability	(1,207,408)
Changes in deferred outflows	(45,856)
Changes in deferred inflows	826,252
Employer contributions and implicit subsidy	667,451
OPEB Expense	**$ 240,439**

Sensitivity to Changes in the Discount Rate - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	**7.00%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 2,650,443	$ 1,727,276	$ 971,928

Sensitivity to Changes in the Healthcare Cost Trend Rates - The net OPEB liability of the District, as well as what the District's net 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 current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	**4.00%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 949,880	$ 1,727,276	$ 2,662,227

NOTE 13 - COVID-19 PANDEMIC IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic, and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be materially and adversely affected in the future, including a reduction in the level of funding and potential impacts from the timing of cash flows. In addition, significant estimates may be materially and adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2020-2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

REQUIRED SUPPLEMENTARY INFORMATION

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
LCFF sources	$ 21,527,801	$ 21,623,379	$ 21,623,377	$ (2)
Federal	264,338	368,721	304,608	(64,113)
Other state	1,446,141	1,982,197	1,983,788	1,591
Other local	5,453,546	5,967,179	5,857,871	(109,308)
Total revenues	28,691,826	29,941,476	29,769,644	(171,832)
Expenditures:				
Certificated salaries	12,897,893	13,227,181	13,152,364	74,817
Classified salaries	4,149,018	4,160,797	4,054,499	106,298
Employee benefits	7,169,197	7,666,937	7,580,647	86,290
Books and supplies	988,195	2,319,908	1,144,042	1,175,866
Services and other operating expenses	3,165,400	3,764,766	3,131,645	633,121
Capital outlay	68,026	68,026	68,026	-
Other outgo	117,990	117,990	103,656	14,334
Total expenditures	28,555,719	31,325,605	29,234,879	2,090,726
Excess (deficiency) of revenues over (under) expenditures	136,107	(1,384,129)	534,765	1,918,894
Change in fund balance	$ 136,107	$ (1,384,129)	534,765	$ 1,918,894
Fund balance beginning			16,086,302	
Fund balance ending			$ 16,621,067	

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. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. Employee benefits exceeded budget as noted above because of unanticipated onbehalf payments for STRS and PERS from the state, which is offset by revenue.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CALPERS PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalPERS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Contractually Required Contributions	$ 393,467	$ 418,052	$ 500,033	$ 572,768	$ 726,054	$ 819,237
Contributions in Relation to Contractually Required Contributions	393,467	418,052	500,033	572,768	726,054	819,237
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 3,342,681**	**$ 3,528,758**	**$ 3,600,468**	**$ 3,687,902**	**$ 4,019,787**	**$ 4,154,135**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**	**19.72%**

Notes to Schedule:

Valuation Date: June 30, 2018

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table 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.

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

This schedule provides information about the District’s required and actual contributions to CalPERS during the year.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CALPERS PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalPERS	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.02570%	0.02673%	0.02741%	0.02823%	0.02781%	0.02886%
District's Proportionate Share of Net Pension Liability	$ 2,917,576	$ 3,940,650	$ 5,413,579	$ 6,739,246	$ 7,415,022	$ 8,410,157
District's Covered Payroll	$ 2,699,537	$ 3,342,681	$ 3,528,758	$ 3,600,468	$ 3,687,902	$ 4,019,787
District's Proportionate Share of NPL as a % of Covered Payroll	**108.08%**	**117.89%**	**153.41%**	**187.18%**	**201.06%**	**209.22%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**	**70.05%**

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

This schedule presents information on the District’s portion of the net pension liability of CalPERS in compliance with GASB 68.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF STRS PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalSTRS	2015	2016	2017	2018	2019	2020
Contractually Required Contributions	$ 955,622	$ 1,174,440	$ 1,426,933	$ 1,741,837	$ 2,000,193	$ 2,159,124
Contributions in Relation to Contractually Required Contributions	955,622	1,174,440	1,426,933	1,741,837	2,000,193	2,159,124
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$10,761,509**	**$10,945,387**	**$11,342,870**	**$12,070,942**	**$12,286,198**	**$11,909,123**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**	**18.13%**

Notes to Schedule:

Valuation Date: June 30, 2019

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule provides information about the District’s required and actual contributions to CalSTRS during the year.

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LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF STRS PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalSTRS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
District's Proportion of Net Pension Liability	0.02300%	0.02042%	0.02068%	0.02100%	0.02200%	0.02300%
District's Proportionate Share of Net Pension Liability	$ 13,440,510	$ 13,747,575	$ 16,730,115	$ 19,420,590	$ 20,219,540	$ 20,772,680
State's Proportionate Share of Net Pension Liability Associated with the District	8,115,918	7,270,955	9,524,120	11,489,027	11,576,698	11,332,951
Total	$ 21,556,428	$ 21,018,530	$ 26,254,235	$ 30,909,617	$ 31,796,238	$ 32,105,631
District's Covered Payroll	$ 10,425,309	$ 10,761,509	$ 10,945,387	$ 11,342,870	$ 12,070,942	$ 12,286,198
District's Proportionate Share of NPL as a % of Covered Payroll	**128.92%**	**127.75%**	**152.85%**	**171.21%**	**167.51%**	**169.07%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**	**72.56%**

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District’s portion of the net pension liability of CalSTRS in compliance with GASB 68.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR
OTHER POSTEMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Fiscal Year Ended	2018	2019	2020
Actuarially determined contribution (ADC)	$ 455,533	$ 409,145	$ 331,397
Less: actual contribution in relation to ADC	(671,460)	(667,451)	(666,764)
Contribution deficiency (excess)	$ (215,927)	$ (258,306)	$ (335,367)
Covered employee payroll	$ 15,516,677	$ 15,943,386	$ 16,381,829
Contrib. as a % of covered employee payroll	4.33%	4.19%	4.07%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	7.0%, Net of OPEB plan investment expenses, including inflation
Mortality	2009 CalSTRS Mortality and 2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement	Certificated 2009 CalSTRS Retirement Rates Hired before 2013: 2009 CalPERS Retirement Hired after 2012: 2009 CalPERS 2%@ 60

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

There were no changes in discount rates, trend rates or assumptions.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Fiscal Year Ended	2018	2019	2020
Total OPEB liability			
Service cost	$ 158,544	$ 162,904	$ 167,384
Interest	472,037	493,822	516,610
Differences between expected and actual experience	-	-	(945,999)
Benefit payments	(317,391)	(330,087)	(303,943)
Net change in Total OPEB Liability	313,190	326,639	(565,948)
Total OPEB Liability - beginning	6,824,995	7,138,185	7,464,824
Total OPEB Liability - ending	$ 7,138,185	$ 7,464,824	$ 6,898,876
Plan fiduciary net position			
Employer contributions	$ 667,077	$ 671,460	$ 667,451
Net investment income	337,720	309,394	278,922
Benefit payments	(317,391)	(330,087)	(303,943)
Other	-	1,950	-
Administrative expense	(2,850)	(7,215)	(970)
Net change in plan fiduciary net position	684,556	645,502	641,460
Plan fiduciary net position - beginning	3,200,082	3,884,638	4,530,140
Plan fiduciary net position - ending	$ 3,884,638	$ 4,530,140	$ 5,171,600
Net OPEB liability (asset)	$ 3,253,547	2,934,684	1,727,276
Plan fiduciary net position as a percentage of the total OPEB liability	54.42%	60.69%	74.96%
Covered Employee Payroll	$ 15,101,389	$ 15,516,677	$ 15,943,386
Net OPEB liability as a percentage of covered employee payroll	21.54%	18.91%	10.83%
Total OPEB liability as a percentage of covered employee payroll	47.27%	48.11%	43.27%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

There were no changes in discount rates, trend rates or assumptions.

SUPPLEMENTARY INFORMATION

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Project Funds		
	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Assets				
Cash and investments	$ 1,838,230	$ 140,002	$ 1,647	$ 1,979,879
Accounts receivable	7,378	18,339	7	25,724
Total Assets	$ 1,845,608	$ 158,341	$ 1,654	$ 2,005,603
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ 2,379	$ -	$ 2,379
Total Liabilities	-	2,379	-	2,379
Fund balances:				
Restricted for:				
Site repairs	-	10,835	-	10,835
Committed for:				
Repairs and maintenance	1,845,608	-	-	1,845,608
Site repairs	-	145,127	-	145,127
Assigned for capital projects	-	-	1,654	1,654
Total Fund Balances	1,845,608	155,962	1,654	2,003,224
Total Liabilities and Fund Balances	$ 1,845,608	$ 158,341	$ 1,654	$ 2,005,603

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Project Funds		
	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Revenues:				
LCFF sources	$ 158,000	$ -	$ -	$ 158,000
Other state	-	-	-	-
Other local	33,076	94,260	704	128,040
Total revenues	191,076	94,260	704	286,040
Expenditures:				
Current:				
Plant services	-	83,426	-	83,426
Facility acquisition and construction	-	-	97,000	97,000
Total expenditures	-	83,426	97,000	180,426
Excess (deficiency) of revenues over (under) expenditures	191,076	10,834	(96,296)	105,614
Net change in fund balances	191,076	10,834	(96,296)	105,614
Fund balances beginning	1,654,532	145,128	97,950	1,897,610
Fund balances ending	$ 1,845,608	$ 155,962	$ 1,654	$ 2,003,224

COMPLIANCE SECTION

ORGANIZATION (UNAUDITED)

The Las Lomitas Elementary School District was established in 1904 in San Mateo County, California. There were no changes in boundaries during the current year. The District is comprised of one elementary and one middle school.

Governing Board

Name	Office	Term Expires
Jon Venverloh	President	2022
William Steinmetz	Clerk	2020
John Earnhardt	Member	2022
Diane Honda	Member	2020
Dana Nunn	Member	2022

Administration

Dr. Beth Polito
Superintendent

Steven Fuentes
Chief Business Officer

Shannon Potts
Assistant Superintendent

SCHEDULE OF CHARTER SCHOOLS (UNAUDITED).

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school whether or not the charter school is included in the District audit.

There were no charter schools to be reported.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA:				
Grades TK/K through three	435.09	435.03	435.09	435.03
Grades four through six	386.49	386.46	386.49	386.46
Grades seven and eight	266.82	266.82	266.82	266.82
Regular ADA Totals	1,088.40	1,088.31	1,088.40	1,088.31
Extended year Special education:				
Grades four through six	0.32	0.32	0.32	0.32
Grades seven and eight	0.09	0.09	0.09	0.09
Special education - nonpublic, nonsect schools:				
Grades TK/K through three	1.88	1.91	1.88	1.91
Grades four through six	1.89	1.90	1.89	1.90
Grades seven and eight	1.41	1.42	1.41	1.42
Extended year special education - nonpublic, nonsect schools:				
Grades TK/K through three	0.14	0.14	0.14	0.14
Grades four through six	0.12	0.12	0.12	0.12
Grades seven and eight	0.10	0.10	0.10	0.10
Regular ADA Totals	1,094.35	1,094.31	1,094.35	1,094.31
Basic Aid Choice/Court-Ordered Voluntary Pupil Transfer ADA:				
Grades TK/K through three	35.74	35.74	35.74	35.74
Grades four through six	28.56	28.56	28.56	28.56
Grades seven and eight	17.16	17.16	17.16	17.16
Regular ADA Totals	81.46	81.46	81.46	81.46

On March 16, 2020, the California Legislature passed and, on March 17, 2020, Governor Newsom signed, Senate Bill (SB) 117. This bill is a companion to Governor Newsom's Executive Order N-26-20 and mitigates the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provides that the ADA used for both the second period (P-2) and the Annual period apportionment includes all full school months from July 1, 2019 to February 29, 2020 for all local educational agencies (LEAs).

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME OFFERED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Grade Level	Minutes Requirements	2020 Actual Minutes	(Unaudited) 2020 Original Scheduled Minutes	Number of Days Traditional Calendar	(Unaudited) Scheduled Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	25,020	45,040	123	180	0	In compliance (1)
Grade 1	50,400	34,860	51,320	123	180	0	In compliance (1)
Grade 2	50,400	34,860	51,320	123	180	0	In compliance (1)
Grade 3	50,400	34,860	51,320	123	180	0	In compliance (1)
Grade 4	54,000	38,505	57,379	123	180	0	In compliance (1)
Grade 5	54,000	38,505	57,379	123	180	0	In compliance (1)
Grade 6	54,000	42,745	62,310	123	180	0	In compliance (1)
Grade 7	54,000	43,204	62,310	123	180	0	In compliance (1)
Grade 8	54,000	43,204	62,310	123	180	0	In compliance (1)

(1) On March 13, 2020, the California Governor issued an Executive Order regarding the physical closure of schools by local educational agencies (LEAs) in response to the COVID-19 pandemic. Executive Order N-26-20 established a streamlined process for school closures (COVID-19 School Closure Certification) in lieu of the existing process for submitting Requests for Allowance of Attendance Due to Emergency Conditions (Form J-13A).

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207(a). This schedule is required of all districts and charter schools, including basic aid districts.

This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	(Budget)[1] 2021	2020	2019	2018
General Fund				
Revenues and other financial sources	$ 31,203,099	$ 29,769,644	$ 29,488,915	$ 27,877,011
Expenditures	32,253,991	29,234,879	29,276,100	25,995,066
Total outgo	32,253,991	29,234,879	29,276,100	25,995,066
Change in fund balance	$ (1,050,892)	$ 534,765	$ 212,815	$ 1,881,945
Ending fund balance	$ 15,570,175	$ 16,621,067	$ 16,086,302	$ 15,873,487
Available reserves (2)	$ 1,425,646	$ 1,183,915	$ 1,456,964	$ 2,095,205
Reserve for economic uncertainties	$ 905,072	$ 900,539	$ 900,539	$ 779,873
Unassigned fund balance	$ 520,574	$ 283,376	$ 556,425	$ 1,315,332
Available reserves as a percentage of total outgo	4.42%	4.05%	4.98%	8.06%
Total long-term liabilities	$ 118,357,954	$ 124,117,954	$ 128,293,595	$ 98,400,266
Average daily attendance (ADA) at P-2	1,166	1,176	1,205	1,296

Average daily attendance has decreased by 120 since 2018. The District anticipates ADA to decrease by 10 ADA during fiscal year 2020/21.

The state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). The fiscal year 2020/21 budget projects a $1,050,892 decrease in fund balance.

The District operated at a surplus in each of the past three years. Total long-term liabilities have increased by $25,717,688 over the last three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2020/21, which is unaudited.

[2] Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

LOS LOMITAS ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds
June 30, 2020 Annual Financial and Budget Report Fund Balances	$ 7,664,536	$ 15,361,120	$ 8,053,337	$ 10,959,755
Adjustments and Reclassifications:				
Special Res Fund for Other Than Cap Outlay:				
GASB 54 Adjustments	8,956,531	-	-	(8,956,531)
June 30, 2020 Audited Financial Statements Fund Balances	$ 16,621,067	$ 15,361,120	$ 8,053,337	$ 2,003,224

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance 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.

B. Schedule of Instructional Time

The District has not received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

D. 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.

E. Reconciliation of Annual Financial and Budget Report to the Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

2. EARLY RETIREMENT INCENTIVE PROGRAM

The District has not adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased to two years.

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

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

Board of Education
Las Lomitas Elementary School District
Menlo Park, CA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Lomitas Elementary School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

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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.

C & A LLP

March 2, 2021
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

Board of Trustees
Las Lomitas Elementary School District
Menlo Park, California

Compliance

We have audited the Las Lomitas Elementary School District's (the District) compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes

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Description	Procedures Performed
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
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	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

We did not perform the audit procedures for Independent Study because the ADA was under the level that requires testing.

Opinion

In our opinion, Los Lomitas Elementary School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2020.

C & A LLP

March 2, 2021
San Jose, California

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FINDINGS AND RECOMMENDATIONS

LAS LOMITAS ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section 1 - Summary of Auditor's Results

Financial Statements

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

Federal Awards

The District did not spend or incur expenditures of $750,000 or more in federal awards.

State Awards

Internal control over state programs:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ None Reported
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.