LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

ALAMEDA COUNTY

AUDIT REPORT

For the Fiscal Year Ended June 30, 2021

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livermore Valley Joint Unified School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Livermore Valley Joint Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

FUND FINANCIAL STATEMENTS (continued)

The District maintains two classes of funds:

1. **Governmental funds**: Most of the District's basic services are included in governmental funds, which include the General Fund (01), the Building Fund (21), the Capital Facilities Fund (25), the County Schools Facility Fund (35), the Bond Interest and Redemption Fund (51)

STATEMENT OF NET POSITION (continued)
The Statement of Net Position as of June 30, 2020 and June 30, 2021 is summarized below:

	2020*	2021
Assets		
Deposits and investments	$ 146,126,528	$ 81,014,334
Accounts receivable and prepaid expenditures	11,044,922	28,960,297
Stores inventories	367,025	375,510
Capital assets, net	202,537,535	251,378,789
Total Assets	360,076,010	361,728,930
Deferred Outflows of Resources		
Deferred outflows of resources - pensions	52,422,287	53,669,747
Deferred outflows of resources - OPEB	967,007	2,110,942
Deferred amounts on refunding	611,729	531,931
Total Deferred Outflows of Resources	54,001,023	56,312,620
Liabilities		
Long-term liabilities	241,703,329	223,422,406
Net pension liability	166,923,278	180,359,115
Other liabilities	16,373,390	31,031,053
Total Liabilities	424,999,997	434,812,574
Deferred Inflows of Resources		
Deferred inflows of resources - pensions	10,857,112	8,607,510
Deferred inflows of resources - OPEB	1,042,134	862,922
Total Deferred Inflows of Resources	11,899,246	9,470,432
Net Position		
Net investment in capital assets	68,773,255	80,516,895
Restricted	35,397,855	28,737,514
Unrestricted	(126,993,320)	(135,495,865)
Total Net Position	$ (22,822,210)	$ (26,241,456)

***** *As restated*

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STATEMENT OF ACTIVITIES

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Activities. The purpos

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

*The State Legislature Passed a Final Budget Package on June 28, 2021. T*he final budget package largely reflected the Legislature's approach on State Appropriations Limit (SAL)-related choices and choices to use funding from the American Rescue Plan (ARP) to offset General Fund costs. The budget package assumes that 2021-22 will end with nearly $21 billion in total reserves. This consists of: (1) $15.8 billion in the Budget Stabilization Account (BSA), (2) $4 billion in Special Fund for Economic Uncertainties, and (3) $900 million in the Safety Net Reserve, which is available for spending on the state's safety net programs, like Medi-Cal. In addition, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $4.5 billion under the spending plan.

Budget Also Commits $27 Billion in ARP Fiscal Relief Funds
The ARP included $350 billion in flexible funding to state and local governments for fiscal recovery in the Coronavirus State Fiscal Recovery Fund. Of this total, California's state government received about $27 billion. The state has until December 31, 2024 to use the funds for any of the following purposes: (1) to respond to the public health emergency or negative economic impacts associated with the emergency; (2) to support essential work; (3) to backfill a reduction in total revenues that have occurred relative to the pre-pandemic trajectory; or (4) for water, sewer, or broadband infrastructure.

Significant Increase in School and Community College Funding
Proposition 98 (1988) established the minimum annual funding level for schools and community colleges. This funding requirement depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2020-21, the minimum requirement is up $22.5 billion (31.8 percent) compared with the estimates made in June 2020. This increase represents the largest upward revision since the passage of Proposition 98 and is due to higher General Fund revenue estimates. For 2021-22, the minimum requirement increases by an additional $309 million (0.3 percent) relative to the revised 2020-21 level.

Makes Required Reserve Deposit, Pays Down Deferrals, and Funds New Programs
When the minimum funding requirement is growing quickly, the Constitution requires the state to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the June 2021 budget plan, the total required deposit is $4.5 billion—$1.9 billion in 2020-21 and $2.6 billion in 2021-22. TheFund reJ6 Tmn p

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE (continued)

Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten (continued)

Meanwhile, the new COVID variants continue to wreak havoc on school re-openings throughout California, as infection rates are on the rise. Complicating matters more is the new requirement that quarantined students no longer have the option of distance learning, but must instead be enrolled in independent study. All independent study programs have to demonstrate satisfactory educational progress, provide a plan for synchronous instruction, reflect grade-level standards, develop procedures for re-engaging students who are having trouble participating and provide a plan to transition students back to in-person instruction when their families wish to do so. The trailer bill language also addressed communication with students and families, the requirements of written independent study agreements and resources that must be provided to students. Districts can seek a waiver but only if certain conditions are met.

All of these factors were considered in preparing the Livermore Valley Joint Unified School District budget for the 2021-22 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 81,014,334
Accounts receivable	28,960,297
Inventories	375,510
Capital assets:	
Nondepreciable assets	91,022,353
Depreciable capital assets	249,006,215
Less accumulated depreciation	(88,649,779)
Total assets	361,728,930
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	53,669,747
Deferred outflows of resources - OPEB	2,110,942
Deferred amounts on refunding	531,931
Total deferred outflows of resources	56,312,620
LIABILITIES	
Accounts payable	18,120,251
Note payable	12,400,000
Unearned revenue	510,802
Long-term liabilities:	
Portion due or payable within one year	12,600,034
Portion due or payable after one year	210,822,372
Net pension liability	180,359,115
Total liabilities	434,812,574
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	8,607,510
Deferred inflows of resources - OPEB	862,922
Total deferred inflows of resources	9,470,432
NET POSITION	
Net investment in capital assets	80,516,895
Restricted for:	
Capital projects	2,376,050
Debt service	15,851,313
Categorical programs	9,279,438
Student activity	1,101,586
Self-insurance activity	129,127
Unrestricted	(135,495,865)
Total net position	$ (26,241,456)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2021

	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instructional Services:				
Instruction	$ 106,709,939	$ 281,083	$ 25,561,494	$ (80,867,362)
Instruction-related services:				
Supervision of instruction	5,427,062	25,795	1,392,648	(4,008,619)
Instructional library, media and technology	4,759,892	5,232	452,715	(4,301,945)
School site administration	12,262,233	474	1,073,516	(11,188,243)
Pupil support services:				
Home-to-school transportation	808,042	10,291	211,099	(586,652)
Food services	3,117,415	-	2,790,285	(327,130)
All other pupil services	13,739,030	94,797	3,155,429	(10,488,804)
General administration services:				
Data processing services	468,912	-	-	(468,912)
Other general administration	8,528,098	1,974	572,962	(7,953,162)
Plant services	20,386,242	518,481	2,499,927	(17,367,834)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 9,860,204	$ 49,928,324	$ 15,851,313	$ 5,139,349	$ 80,779,190
Accounts receivable	27,959,916	154,983	-	844,998	28,959,897
Inventories	279,123	-	-	96,387	375,510
Total Assets	$ 38,099,243	$ 50,083,307	$ 15,851,313	$ 6,080,734	$ 110,114,597
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 8,311,038	$ 6,133,843	$ -	$ 555,974	$ 15,000,855
Note payable	12,400,000	-	-	-	12,400,000
Unearned revenue	339,548	-	-		

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds		$ 82,202,940
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $340,028,568, and the accumulated depreciation is $88,649,779.		251,378,789
In government funds, interest on long term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(3,012,979)
In governmental funds, other postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period that they are incurred. The net OPEB liability at the end of the period was:		(7,406,179)
In governmental funds, deferred amounts on debt refundings are recognized as a deferred outflow of resources and amortized over the life of the defeased debt. Unamortized deferred amounts included on the statement of net position are:		531,931
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.		(180,359,115)
In governmental funds, deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:		
Deferred outflows of resources	2,110,942	
Deferred inflow of resources	(862,922)	1,248,020
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows relating to pensions are reported. Deferred outflows and inflows relating to pensions for the period were:		
Deferred outflows of resources	53,669,747	
Deferred inflows of resources	(8,607,510)	45,062,237
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	199,105,000	
Unamortized premium	15,578,453	
Capital leases payable	127,905	
Compensated absences payable	1,204,869	(216,016,227)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		129,127
Total net position - governmental activities		$ (26,241,456)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 122,100,813	$ -	$ -	$ -	$ 122,100,813
Federal sources	12,732,570	-	-	2,743,784	15,476,354
Other state sources	21,962,493	-	92,848	1,453,848	23,509,189
Other local sources	15,556,281	1,281,146	16,307,935	1,656,992	34,802,354
Total Revenues	172,352,157	1,281,146	16,400,783	5,854,624	195,888,710
EXPENDITURES					
Current:					
Instruction	105,035,752	-	-	348,549	105,384,301
Instruction-related services:					
Supervision of instruction	5,314,205	-	-	-	5,314,205
Instructional library, media and technology	4,415,958	-	-	626	4,416,584
School site administration	11,402,587	-	-	323,322	11,725,909
Pupil support services:					
Home-to-school transportation	796,311	-	-	-	796,311
Food services	47,250	-	-	2,865,278	2,912,528
All other pupil services	13,448,602	-	-	6,200	13,454,802
Ancillary services	934,346	-	-	702,967	1,637,313
Community services	242,932	-	-	-	242,932
General administration services:					
Data processing services	468,912	-	-	-	468,912
Other general administration	7,985,178	-	-	-	7,985,178
Plant services	14,274,079	353,241	-	337,907	14,965,227
Transfers of indirect costs	(136,924)	-	-	136,924	-
Capital outlay	34,119	57,896,277	-	1,410,504	59,340,900
Intergovernmental transfers	1,779,016	-	-	691,913	2,470,929
Debt Service:					
Principal	-	74,494	18,725,000	-	18,799,494
Interest	-	9,450	8,097,375	-	8,106,825
Total Expenditures	166,042,323	58,333,462	26,822,375	6,824,190	258,022,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,309,834	(57,052,316)	(10,421,592)	(969,566)	(62,133,640)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	13,349	-	-	1,182,368	1,195,717
Interfund transfers out	(1,182,368)	(3,067)	-	(10,282)	(1,195,717)
Total Other Financing Sources and Uses	(1,169,019)	(3,067)	-	1,172,086	-
Net Change in Fund Balances	5,140,815	(57,055,383)	(10,421,592)	202,520	(62,133,640)
Fund Balance, July 1, 2020, as originally stated	11,907,842	101,004,847	26,272,905	4,062,471	143,248,065
Adjustment for restatement (Note 13)	-	-	-	1,088,515	1,088,515
Fund Balances, July 1, 2020, as restated	11,907,842	101,004,847	26,272,905	5,150,986	144,336,580
Fund Balances, June 30, 2021	$ 17,048,657	$ 43,949,464	$ 15,851,313	$ 5,353,506	$ 82,202,940

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds		$	(62,133,640)
Amounts reported for governmental activities in the statement of activities are different because:			
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay	55,472,550		

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2021

		Governmental Activities Internal Service Fund
ASSETS		
Deposits and investments	$	235,144
Accounts receivable		400

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges to other funds	$ 950,000
Total operating revenues	950,000
OPERATING EXPENSES	
Supplies	14,289
Services and other operating expenditures	1,025,297
Total operating expenses	1,039,586
Operating Income (Loss)	(89,586)
Net position, July 1, 2020	218,713
Net position, June 30, 2021	$ 129,127

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2021

		Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from self-insurance premiums	$	949,600
Cash paid for operating expenses		(973,167)

Net cash provided (used) bi725daJEc(an)1e32 2.28 pro23,532.3968 0 TD.0029 Tc0 Tw[ )-6( )]TJ-32.2.3968 9.964 0

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

C. Budgetary Data
The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Balances (continued)

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

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

10. Net Position

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

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

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

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

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

F. Minimum Fund Balance Policy

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures ane.-I4-traug usd".

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

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

H. Use of Estimates

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

I. New GASB Pronouncements

The following Statements have been implemented as of June 30, 2021:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncement (continued)

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

   This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

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

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

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

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

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

   This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

2. (continued)
   As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

4. (continued)

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by topic.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

6. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Deposits held in noninterest bearing transaction accounts are fully insured regardless of the amount in the account through December 31, 2012, and other cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2021, $1,424,962 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2021, consist of the following:

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements

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

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

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
Federal Government:						
Categorical aid programs	$ 6,670,735	$ -	$ -	$ 781,952	$ 7,452,687	$ -
State Government:						
LCFF	16,651,950	-	-	-	16,651,950	-
Lottery	912,236	-	-	-	912,236	-
Categorical aid programs	479,536	-	-	27,626	507,162	-
Local:						
Interest	37,404	153,900	-	7,706	199,010	400
Special education	2,676,987	-	-	-	2,676,987	-
Other local	531,068	1,083	-	27,714	559,865	-
Totals	$ 27,959,916	$ 154,983	$ -	$ 844,998	$ 28,959,897	$ 400

NOTE 4 – INTERFUND TRANSACTIONS

Transfers To/From Other Funds
Transfers to/from other funds during the fiscal year ended June 30, 2021, consisted of the following:

General Fund transfer to Cafeteria Fund to contribute to child nutrition program	$	1,182,368
Adult Education Fund transfer to General Fund for retiree benefits		745
Cafeteria Fund transfer to General Fund for retiree benefits		8,913
Building Fund transfer to General Fund for retiree benefits		3,067
Capital Facilities Fund transfer to General Fund for retiree benefits		624
Total	$	1,195,717

NOTE 5 – NOTE PAYABLE

On March 24, 2021, the District purchased $12,400,000 in State Aid Intercept Notes through the California School Finance Authority. The Series A-2 notes were issued in the principal amount of $12,400,000, with a stated interest rate of 0.22%, maturing on December 30, 2021. The notes were issued to finance cash shortfalls occurring in 2021.

Below is a schedule of changes in short-term debt:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
State Aid Intercept Notes	$ -	$ 12,400,000	$ -	$ 12,400,000

NOTE 6 – FUND BALANCES

At June 30, 2021, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total

NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	$ 217,830,000	$ -	$ 18,725,000	$ 199,105,000	$ 11,435,000
Unamortized issuance premium	16,736,728	-	1,158,275	15,578,453	1,086,949
Subtotal General Obligation Bonds	234,566,728	-	19,883,275	214,683,453	12,521,949
Capital Leases	202,399	-	74,494	127,905	78,085
Compensated Absences	1,072,744	132,125	-	1,204,869	-
Net OPEB Liability	5,861,458	1,863,545	318,824	7,406,179	-
Totals	$ 241,703,329	$ 1,995,670	$ 20,276,593	$ 223,422,406	$ 12,600,034

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Capital leases are paid for by the Building Fund. Accumulated vacation and OPEB will b6e3i(2(bt fo9(r1(i)w[for)r th[for)mlMl9,[for)mlb697.98 0 0 7.98

NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

The outstanding general obligation bonds issued by the District as of June 30, 2021, are:

	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
Election of 2016 (Measure J)								
2016A	10/13/2016	8/1/2046	2.0%-4.0%	$ 82,000,000	$ 66,500,000	$ -	$ -	$ 66,500,000
2019	8/14/2019	8/1/2047	2.0%-5.0%	100,000,000	100,000,000	-	13,500,000	86,500,000
Refunding Bonds								
Refunding	5/4/2010	8/1/2026	2.0%-5.0%	33,84				

NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 6,568,177	$ 2,110,942	$ 862,922	$ 435,578
MPP Program	838,002	-	-	104,820
Total	$ 7,406,179	$ 2,110,942	$ 862,922	$ 540,398

NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

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

<u>District Plan (continued)</u>

Employees Covered by Benefit Terms
At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	74
Active employees	1,183
Total	1,257

Total OPEB Liability
The District's total OPEB liability of $6,568,177 for the Plan was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent per year

Discount Rate
The discount rate of 2.16% percent is based on the Bond Buyer 20-bond General Obligation Index as of June 30, 2021.

Mortality Rates
Mortality rates were based on the 2020 CalSTRS mortality tables and the 2017 CalPERS mortality tables for miscellaneous and schools employees.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	$ 5,128,276
Changes for the year:	
Service cost	218,122
Interest	111,714
Differences between expected and actual experience	797,906
Changes of assumptions	630,983
Benefit payments	(318,824)
Net changes	1,439,901
Balance at June 30, 2021	$ 6,568,177

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

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

District Plan (continued)

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

Discount Rate	OPEB Liability
1% decrease	$ 6,883,714
Current discount rate	$ 6,568,177
1% increase	$ 6,256,492

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates. The numbers are identical for all three sets of trend rates because the District's contribution is limited to a dollar cap that is always exceeded.

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	$ 6,548,663
Current trend rate	$ 6,568,177
1% increase	$ 6,588,021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2021, the District recognized OPEB expense of $435,578. In addition, at June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,502,243	$ 26,039
Changes of assumptions	608,699	836,883
Total	$ 2,110,942	$ 862,922

The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the current measurement period is 11.9 years, 7 years for the 2019-20 measurement period, 5.9 years for the 2018-19 years, and 6.2 years for the 2017-18 measurement period.

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

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

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 284,954	$ 179,212
2023	284,954	179,212
2024	283,891	169,746
2025	274,353	167,377
2026	274,351	167,375
Thereafter	708,439	-
Totals	$ 2,110,942	$ 862,922

Medicare Premium Payment (MPP) Program

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

Benefits Provided
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2020, 5,443 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

NOTE 8 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

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

Medicare Premium Payment (MPP) Program (continued)

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

Total OPEB Liability
At June 30, 2021, the District reported a liability of $838,002 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2021	**Fiscal Year Ending June 30, 2020**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net OPEB Liability	0.197742%	0.196882%	0.000860%

For the year ended June 30, 2021, the District reported OPEB expense of $104,820.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

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

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

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)
Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population of 159,339.

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP– 2019) table issued by the Society of Actuaries.

Discount Rate
The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

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

Discount Rate	MPP OPEB Liability
1% decrease	$ 926,644
Current discount rate	$ 838,002
1% increase	$ 762,573

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

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

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability	
1% decrease	$	759,844
Current trend rate	$	838,002
1% increase	$	927,975

NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2021, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability		Deferred Outflows of Resources		Deferred Inflows of Resources		Pension Expense	
CalSTRS	$	126,446,773	$	40,872,099	$	6,668,055	$	19,256,532
CalPERS		53,912,342		12,797,648		1,939,455		9,900,423
Total	$	180,359,115	$	53,669,747	$	8,607,510	$	29,156,955

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal re

NOTE 9 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$	126,446,773
State's proportionate share of the net pension liability associated with the District		65,183,326
Total	$	191,630,099

The net pension liability was measured as of June 30, 202

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

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

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

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

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

NOTE 9 – PENSION PLANS (continued)

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

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 77,508,822
Current discount rate (7.15%)	53,912,342
1% increase (8.15%)	34,328,447

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

D. Payables to the Pension Plans
At June 30, 2021, the District reported payables of $2,525,351 and $964,865 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2021.

NOTE 10 – JOINT VENTURES

Livermore Valley Joint Unified School District participates in a joint venture under a joint powers agreement (JPA) with the Alameda County Schools Insurance Group (ACSIG). The District also participated in Northern California ReLiEF for excess property and liability insurance. The District also participated in the Protected Insurance

NOTE 10 – JOINT VENTURES (continued)

Condensed audited financial information as of June 30, 2020, is as follows:

	Northern California ReLiEF June 30, 2020	ACSIG June 30, 2020	PIPS June 30, 2020
Assets	$ 64,919,272	$ 62,582,542	$ 146,482,024
Deferred Outflows	-	146,854	-
Liabilities	48,689,344	17,930,835	104,409,659
Deferred Inflows	-	87,683	-
Net Position	$ 16,229,928	$ 44,710,878	$ 42,072,365
Revenues	$ 71,237,367	$ 143,831,500	$ 327,483,856
Expenses	67,174,832	132,905,323	322,790,995
Operating Income (Loss)	4,062,535	10,926,177	4,692,861
Non-Operating Income (Expense)	(4,962,244)	1,398,186	3,469,501
Change in Net Position	$ (899,709)	$ 12,324,363	$ 8,162,362

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

B. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2021.

C. Construction Commitments
As of June 30, 2021, the District has commitments with respect to unfinished capital projects of $40.5 million to be paid from local funds.

NOTE 12 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District participated in the Northern California ReLiEF public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2020-21, the District participated in the ACSIG JPA for workers compensation.

Required Supplementary Information

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LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2021

	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
Revenues				
LCFF sources	$ 114,328,612	$ 122,092,446	$ 122,100,813	$ 8,367
Federal sources	4,566,558	16,055,332	12,732,570	(3,322,762)

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability

For the Fiscal Year Ended June 30, 2021

Last Ten Fiscal Years*

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS							
District's proportion of the net pension liability	0.1305%	0.1274%	0.1226%	0.1143%	0.1130%	0.1170%	0.1150%
District's proportionate share of the net pension liability	$ 126,446,773	$ 115,049,072	$ 112,637,219	$ 105,682,072	$ 91,395,530	$ 78,769,080	$ 67,202,550
State's proportionate share of the net pension liability associated with the District	65,183,326	62,766,949	64,490,076	62,520,621	52,037,505	41,660,048	40,580,209
Totals	$ 191,630,099	$ 177,816,021	$ 177,127,295	$ 168,202,693	$ 143,433,035	$ 120,429,128	$ 107,782,759
District's covered-employee payroll	$ 69,224,865	$ 69,361,284	$ 65,791,802	$ 60,902,846	$ 56,859,487	$ 53,538,423	$ 51,482,036
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.66%	165.87%	171.20%	173.53%	160.74%	147.13%	130.54%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
CalPERS							
District's proportion of the net pension liability	0.1757%	0.1780%	0.1707%	0.1616%	0.1615%	0.1642%	0.1682%
District's proportionate share of the net pension liability	$ 53,912,342	$ 51,874,206	$ 45,522,209	$ 38,572,724	$ 31,896,350	$ 24,203,242	$ 19,094,795
District's covered-employee payroll	$ 24,421,556	$ 24,717,938	$ 22,556,654	$ 21,034,893	$ 20,420,486	$ 18,212,837	$ 17,386,672
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	220.76%	209.86%	201.81%	183.37%	156.20%	132.89%	109.82%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

Notes to Schedule:

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

	2020-21	2019-20	2018-19	2017-18

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2021

Last 10 Fiscal Years*

	2019-20	2018-19	2017-18	2016-17
District's proportion of net OPEB liability	0.1977%	0.1969%	0.1927%	0.1819%
District's proportionate share of net OPEB liability	$ 838,002	$ 733,182	$ 737,690	$ 765,184
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

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

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

Change of assumptions – The discount rate was changed from 3.50 percent to 2.21 percent since the previous valuation.

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Supplementary Information

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

The Board of Education and the District Administrators for the fiscal year ended June 30, 2021 were as follows:

BOARD OF EDUCATION

Member	Office	Term Expires
Craig Bueno	President	November, 2022
Emily Prusso	Clerk	November, 2022
Yanira Guzman	Member	November, 2024
Kristie Wang	Member	November, 2024
Anne White	Member	November, 2022

DISTRICT ADMINISTRATORS

Dr. Kelly Bowers,
Superintendent

Chris Van Schaack,
Deputy Superintendent, Administrative Services

Melissa Theide,
Assistant Superintendent, Educational Services

Susan Kinder,
Assistant Superintendent, Business Services

LIVERMORE VALLEY JOINT UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2021

General Fund	(Budget) 2022 [2]	2021 [3]	2020	2019
Revenues and other financing sources	$ 158,686,903	$ 172,362,536	$ 159,802,309	$ 163,492,459
Expenditures (total outgo)	163,761,027	167,156,423	160,581,193	166,065,629
Change in fund balance (deficit)	(5,074,124)	5,206,113	(778,884)	(2,573,170)
Ending fund balance	$ 11,786,424	$ 16,860,548	$ 11,654,435	$ 12,433,319
Available reserves [1]	$ 5,421,938	$ 6,758,889	$ 7,149,906	$ 5,387,513
Available reserves as a percentage of total outgo	3.3%	4.0%	4.5%	3.2%
Total long-term debt	$ 391,181,487	$ 403,781,521	$ 408,626,607	$ 299,087,955
Average daily attendance at P-2	13,195	N/A	13,195	13,163

The General Fund balance has increased by $4,427,229 over the past two years. The fiscal year 2021-22 adopted budget projects a decrease of $5,074,124. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2021-22 fiscal year. Long-term debt has increased by $104,693,566 over the past two years.

Average daily attendance has increased by 32 from fiscal year 2018-19 to fiscal year 2019-20. For fiscal year 2020-21 the District was funded off of fiscal year 2019-20 ADA. The District is projecting ADA of 13,195 for fiscal year 2021-22.

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

[2] Adopted Budget

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other Than

		Cafeteria Fund
June 30, 2021, annual financial and budget report fund balance	$	1,278,586
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Inventory Understated		47,203
June 30, 2021, reported financial statement funda47	$	200 G00 Jjjj 9.96w 10 M Jjdn

See accompanying note to supplement

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Instructional Time
This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the

Other Independent Auditors' Reports

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livermore Valley Joint Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Livermore Valley Joint Unified School District's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A

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

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

Nigro & Nigro

Murrieta, California
January 18, 2022

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

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

Report on Compliance for Each Major Federal Program

We have audited Livermore Valley Joint Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Livermore Valley Joint Unified School District's major federal programs for the year ended June 30, 2021. Livermore Valley Joint Unified School District's major fe

Report on Internal Control Over Compliance

Management of Livermore Valley Joint Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Livermore Valley Joint Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance.

Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro

Murrieta, California
January 18, 2022

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited Livermore Valley Joint Unified School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Livermore Valley Joint Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with state laws

Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes

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Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster
84.425, 84.425C &	

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

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	A

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

There were no federal award findings or questioned costs in 2020-21.

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

There were no state award findings or questioned costs in 2020-21.

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

In planning and performing our audit of the basic financial statements of Livermore Valley Joint Unified School District for the year ending June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 18, 2022 on the financial statements of Livermore Valley Joint Unified School District.

Observation: During review of fundraising procedures at Granada High, we note three fundraising events that were not preapproved by the ASB and/or the site administration.

> ***Recommendation:*** Review and approving fundraising activities is an important control to prevent any potential unacceptable ASB activity. All fundraising events should be approved by both the ASB student council and site admin prior to the event taking place to ensure that the activities related to fundraisers are appropriate in a school setting.

We will review the status of the current year comments during our next audit engagement.

Murrieta, California
January 18, 2022