

LAYTONVILLE UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2019



LAYTONVILLE UNIFIED SCHOOL DISTRICT
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JUNE 30, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Laytonville Unified School District
Laytonville, 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 the Laytonville Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Laytonville Unified School 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Laytonville Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laytonville Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of Laytonville Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Laytonville Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laytonville Unified School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 11, 2019

LAYTONVILLE UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

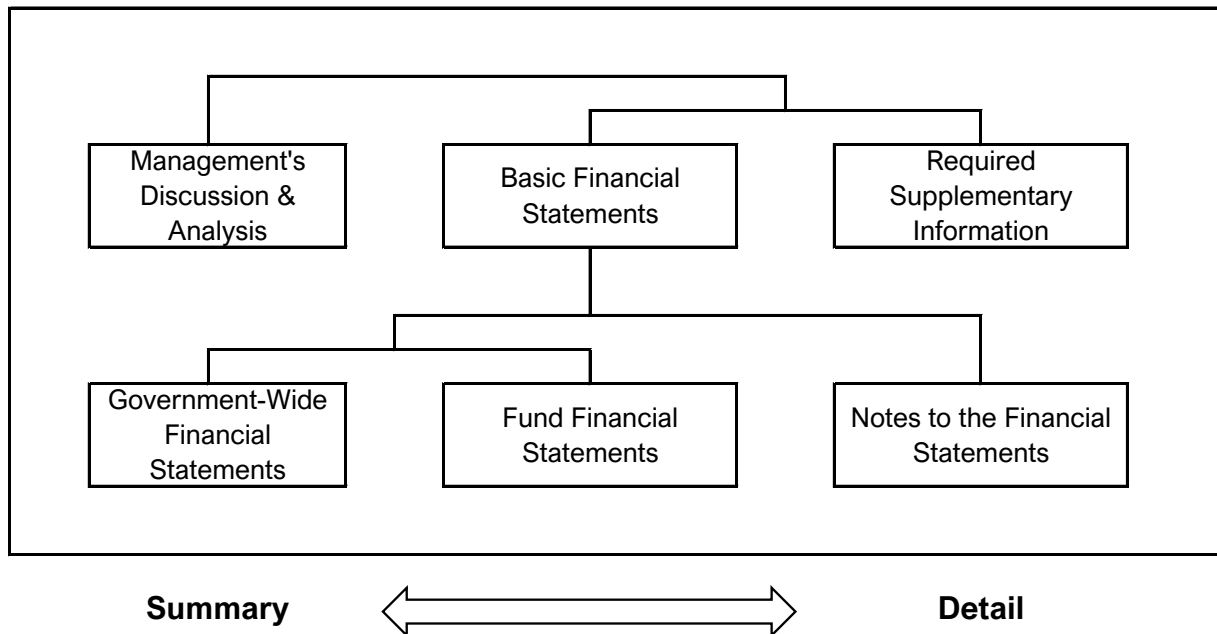
Our discussion and analysis of Laytonville Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$5,298,864 at June 30, 2019. This was a decrease of \$67,575 from the prior year.
- Overall revenues were \$6,631,307 which were exceeded by expenses of \$6,698,882.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financials Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.
 - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$5,298,864 at June 30, 2019, as reflected in the table below. Of this amount, \$(3,990,934) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2019	2018	Net Change
ASSETS			
Current and other assets	\$ 4,905,066	\$ 5,430,425	\$ (525,359)
Capital assets	13,466,765	13,089,292	377,473
Total Assets	18,371,831	18,519,717	(147,886)
DEFERRED OUTFLOWS OF RESOURCES	1,381,662	1,434,619	(52,957)
LIABILITIES			
Current liabilities	910,899	881,667	29,232
Long-term liabilities	13,146,658	13,314,912	(168,254)
Total Liabilities	14,057,557	14,196,579	(139,022)
DEFERRED INFLOWS OF RESOURCES	397,072	391,318	5,754
NET POSITION			
Net investment in capital assets	8,363,329	8,104,986	258,343
Restricted	926,469	1,013,950	(87,481)
Unrestricted	(3,990,934)	(3,752,497)	(238,437)
Total Net Position	\$ 5,298,864	\$ 5,366,439	\$ (67,575)

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2019	2018	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 204,207	\$ 163,370	\$ 40,837
Operating grants and contributions	1,105,977	1,020,584	85,393
General revenues			
Property taxes	3,144,718	2,970,239	174,479
Unrestricted federal and state aid	1,898,114	1,910,989	(12,875)
Other	278,291	247,334	30,957
Total Revenues	6,631,307	6,312,516	318,791
EXPENSES			
Instruction	3,329,008	3,269,467	59,541
Instruction-related services	776,842	721,693	55,149
Pupil services	788,623	760,850	27,773
General administration	559,496	493,734	65,762
Plant services	670,686	449,188	221,498
Ancillary and community services	193,275	176,865	16,410
Debt service	377,999	381,416	(3,417)
Other outgo	2,953	11,466	(8,513)
Total Expenses	6,698,882	6,264,679	434,203
Change in net position	(67,575)	47,837	(115,412)
Net Position - Beginning	5,366,439	5,318,602	47,837
Net Position - Ending	\$ 5,298,864	\$ 5,366,439	\$ (67,575)

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

The cost of all our governmental activities this year was \$6,698,882. The net cost of services for 2019 was \$5,388,698. The amount that our taxpayers ultimately financed for these activities through taxes was \$3,144,718 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

	Net Cost of Services	
	2019	2018
Instruction	\$ 2,623,653	\$ 2,651,247
Instruction-related services	665,363	616,709
Pupil services	452,565	472,302
General administration	506,110	459,036
Plant services	659,442	393,850
Ancillary and community services	100,613	94,699
Debt service	377,999	381,416
Transfers to other agencies	2,953	11,466
Total Expenses	\$ 5,388,698	\$ 5,080,725

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$4,323,847, which is less than last year's ending fund balance of \$4,832,036. The District's General Fund had \$17,621 more in operating revenues than expenditures for the year ended June 30, 2019. The District's Building Fund had \$528,919 less in operating revenues than expenditures for the year ended June 30, 2019. The District's Bond Interest and Redemption Fund had \$63,849 more in operating revenues than expenditures for the year ended June 30, 2019.

CURRENT YEAR BUDGET 2018-2019

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a frequent basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2018-2019 the District had invested \$13,466,765 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2019	2018	Net Change
CAPITAL ASSETS			
Land	\$ 320,665	\$ 320,665	\$ -
Construction in progress	4,578,726	3,910,039	668,687
Land improvements	63,418	53,693	9,725
Buildings & improvements	15,026,495	15,026,495	-
Furniture & equipment	702,539	674,349	28,190
Accumulated depreciation	(7,225,078)	(6,895,949)	(329,129)
Total Capital Assets	\$ 13,466,765	\$ 13,089,292	\$ 377,473

Long-Term Liabilities

At year-end, the District had \$13,146,658 in long-term liabilities, a decrease of 1 percent from the prior year. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2019	2018	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 8,305,589	\$ 8,539,009	\$ (233,420)
Compensated absences	23,262	20,964	2,298
Total OPEB liability	231,742	222,544	9,198
Net pension liability	5,062,099	4,948,429	113,670
Less: current portion of long-term liabilities	(476,034)	(416,034)	(60,000)
Total Long-term Liabilities	\$ 13,146,658	\$ 13,314,912	\$ (168,254)

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

The US economy continues to grow slowly, but the State economic growth is slowing down due to low levels of available employees. However, the State is still experiencing overall economic prosperity. The State Budget for Education contained an increase of 3.26% in fiscal year 2019-20, plus \$3.15 billion in non-Proposition 98 funding for school employer pension relief.

The fiscal policy for the funding of public education changes annually, based on fluctuations in State revenues. The UCLA Anderson Forecast (June 2019) noted that the risk of recession is about 50% within the next 5-8 quarters depending on the model, the biggest economic threat being from the escalating trade war with China and Mexico. If a recession were to happen, State revenues for public education would be negatively impacted.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2019. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans received a one-time funding allocation from the 2019-20 State Budget and continue to raise employer rates in future years. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2019-20 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District Office at 150 Ramsey Road; Laytonville, CA, 95454.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 4,530,573
Accounts receivable	374,493
Capital assets, not depreciated	4,899,391
Capital assets, net of accumulated depreciation	8,567,374
Total Assets	18,371,831
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,381,662
Total Deferred Outflows of Resources	1,381,662
LIABILITIES	
Deficit cash	25,664
Accrued liabilities	267,835
Unearned revenue	141,366
Long-term liabilities, current portion	476,034
Long-term liabilities, non-current portion	13,146,658
Total Liabilities	14,057,557
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	397,072
Total Deferred Inflows of Resources	397,072
NET POSITION	
Net investment in capital assets	8,363,329
Restricted:	
Capital projects	218,796
Debt service	510,633
Educational programs	196,790
All others	250
Unrestricted	(3,990,934)
Total Net Position	\$ 5,298,864

The accompanying notes are an integral part of these financial statements.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 3,329,008	\$ 150,061	\$ 555,294	\$ (2,623,653)
Instruction-related services				
Instructional supervision and administration	221,097	6,358	62,646	(152,093)
Instructional library, media, and technology	153,722	-	29,785	(123,937)
School site administration	402,023	-	12,690	(389,333)
Pupil services				
Home-to-school transportation	180,231	-	6,163	(174,068)
Food services	189,733	20,391	160,066	(9,276)
All other pupil services	418,659	17,358	132,080	(269,221)
General administration				
Centralized data processing	32,546	-	-	(32,546)
All other general administration	526,950	5,430	47,956	(473,564)
Plant services	670,686	1,604	9,640	(659,442)
Ancillary services	173,788	-	77,715	(96,073)
Community services	19,487	3,005	11,942	(4,540)
Interest on long-term debt	377,999	-	-	(377,999)
Other outgo	2,953	-	-	(2,953)
Total Governmental Activities	\$ 6,698,882	\$ 204,207	\$ 1,105,977	(5,388,698)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				2,476,024
Property taxes, levied for debt service				668,694
Federal and state aid not restricted for specific purposes				1,898,114
Interest and investment earnings				67,936
Interagency revenues				68,371
Miscellaneous				141,984
Subtotal, General Revenue				5,321,123
CHANGE IN NET POSITION				(67,575)
Net Position - Beginning				5,366,439
Net Position - Ending				\$ 5,298,864

The accompanying notes are an integral part of these financial statements.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,231,224	\$ 1,202,891	\$ 582,656	\$ 295,261	\$ 4,312,032
Accounts receivable	346,743	-	-	27,750	374,493
Total Assets	\$ 2,577,967	\$ 1,202,891	\$ 582,656	\$ 323,011	\$ 4,686,525
LIABILITIES					
Deficit cash	\$ -	\$ -	\$ -	\$ 25,664	\$ 25,664
Accrued liabilities	171,175	12,126	-	12,347	195,648
Unearned revenue	141,366	-	-	-	141,366
Total Liabilities	312,541	12,126	-	38,011	362,678
FUND BALANCES					
Nonspendable	5,000	-	-	-	5,000
Restricted	138,557	1,190,765	582,656	277,325	2,189,303
Committed	384,317	-	-	7,675	391,992
Assigned	1,481,072	-	-	-	1,481,072
Unassigned	256,480	-	-	-	256,480
Total Fund Balances	2,265,426	1,190,765	582,656	285,000	4,323,847
Total Liabilities and Fund Balances	\$ 2,577,967	\$ 1,202,891	\$ 582,656	\$ 323,011	\$ 4,686,525

The accompanying notes are an integral part of these financial statements.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2019

Total Fund Balance - Governmental Funds \$ 4,323,847

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 20,691,843	
Accumulated depreciation	<u>(7,225,078)</u>	13,466,765

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(72,069)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 8,305,589	
Compensated absences	23,262	
Total OPEB liability	231,742	
Net pension liability	<u>5,062,099</u>	(13,622,692)

Deferred outflows and inflows of resources relating to pensions:

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 of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 1,381,662	
Deferred inflows of resources related to pensions	<u>(397,072)</u>	984,590

Internal service funds:

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, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

218,423

Total Net Position - Governmental Activities	<u>\$ 5,298,864</u>
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LAYTONVILLE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 4,192,452	\$ -	\$ -	\$ 19,603	\$ 4,212,055
Federal sources	371,029	-	-	151,548	522,577
Other state sources	648,762	-	3,758	19,523	672,043
Other local sources	543,943	22,696	670,197	209,533	1,446,369
Total Revenues	5,756,186	22,696	673,955	400,207	6,853,044
EXPENDITURES					
Current					
Instruction	2,947,283	-	-	165,458	3,112,741
Instruction-related services					
Instructional supervision and administration	217,960	-	-	-	217,960
Instructional library, media, and technology	146,402	-	-	-	146,402
School site administration	406,525	-	-	-	406,525
Pupil services					
Home-to-school transportation	182,697	-	-	-	182,697
Food services	-	-	-	180,457	180,457
All other pupil services	428,840	-	-	-	428,840
General administration					
Centralized data processing	32,546	-	-	-	32,546
All other general administration	507,523	-	-	10,803	518,326
Plant services	637,946	-	-	15,026	652,972
Facilities acquisition and maintenance	40,595	551,615	-	89,203	681,413
Ancillary services	169,158	-	-	-	169,158
Community services	18,137	-	-	-	18,137
Transfers to other agencies	2,953	-	-	-	2,953
Debt service					
Principal	-	-	385,000	-	385,000
Interest and other	-	-	225,106	-	225,106
Total Expenditures	5,738,565	551,615	610,106	460,947	7,361,233
Excess (Deficiency) of Revenues Over Expenditures	17,621	(528,919)	63,849	(60,740)	(508,189)
Other Financing Sources (Uses)					
Transfers in	-	-	-	100,000	100,000
Transfers out	(100,000)	-	-	-	(100,000)
Net Financing Sources (Uses)	(100,000)	-	-	100,000	-
NET CHANGE IN FUND BALANCE	(82,379)	(528,919)	63,849	39,260	(508,189)
Fund Balance - Beginning	2,347,805	1,719,684	518,807	245,740	4,832,036
Fund Balance - Ending	\$ 2,265,426	\$ 1,190,765	\$ 582,656	\$ 285,000	\$ 4,323,847

The accompanying notes are an integral part of these financial statements.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Governmental Funds \$ (508,189)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

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:	\$ 706,602	
Depreciation expense:	<u>(329,129)</u>	377,473

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

385,000

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(6,246)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

4,933

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(182,614)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(2,298)

(continued on following page)

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2019**

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(13,678)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

(161,655)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

31,034

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

8,665

Change in Net Position of Governmental Activities

\$ (67,575)

LAYTONVILLE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 218,541
Total current assets	218,541
Total Assets	218,541
LIABILITIES	
Current liabilities	
Accrued liabilities	118
Total current liabilities	118
Total Liabilities	118
NET POSITION	
Restricted	218,423
Total Net Position	\$ 218,423

The accompanying notes are an integral part of these financial statements.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ 44,101
Other local revenues	3,318
Total operating revenues	<u>47,419</u>
OPERATING EXPENSE	
Professional services	41,869
Total operating expenses	<u>41,869</u>
Operating income/(loss)	<u>5,550</u>
NON-OPERATING REVENUES	
Interest income	3,115
Total non-operating revenues/(expenses)	<u>3,115</u>
CHANGE IN NET POSITION	8,665
Net Position - Beginning	<u>209,758</u>
Net Position - Ending	<u>\$ 218,423</u>

The accompanying notes are an integral part of these financial statements.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	\$ 47,638
Cash payments for payroll, insurance, and operating costs	(41,751)
Net cash provided by (used for) operating activities	<u>5,887</u>
Cash flows from investing activities	
Interest received	<u>3,115</u>
Net cash provided by (used for) investing activities	<u>3,115</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>9,002</u>
CASH AND CASH EQUIVALENTS	
Beginning of year	209,539
End of year	<u>\$ 218,541</u>
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ 5,550
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	219
Increase (decrease) in accrued liabilities	118
Net cash provided by (used for) operating activities	<u>\$ 5,887</u>

The accompanying notes are an integral part of these financial statements.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Trust Fund Private-Purpose Trust Fund	Agency Fund Student Body Fund
ASSETS		
Cash and investments	\$ 43,828	\$ 32,161
Total Assets	<u>43,828</u>	<u>\$ 32,161</u>
LIABILITIES		
Due to student groups	-	\$ 32,161
Total Liabilities	<u>-</u>	<u>\$ 32,161</u>
NET POSITION		
Held in trust	43,828	
Total Net Position	<u>\$ 43,828</u>	

The accompanying notes are an integral part of these financial statements.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	Trust Fund Private-Purpose Trust Fund
ADDITIONS	
Investment earnings	\$ 682
Total Additions	682
CHANGE IN NET POSITION	682
Net Position - Beginning	43,146
Net Position - Ending	\$ 43,828

The accompanying notes are an integral part of these financial statements.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Debt Service Fund: This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

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

Fiduciary Funds

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

Private-Purpose Trust Fund: This fund is used to account for the Staywell Foundation Employee Health Trust Fund in which the employee may earn a vested interest.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized

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 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.

Expenses/Expenditures

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$25,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	25-50 years
Equipment	25 years
Vehicles	20 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

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

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement.

Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District 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 District 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 so will not be recognized as an inflow of resources (revenue) until that time.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) 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, 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

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

H. 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 purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has implemented GASB Statement No. 88 for the year ended June 30, 2019.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Investment in county treasury*	\$ 4,280,118	\$ 218,541	\$ 4,498,659	\$ 43,828
Cash on hand and in banks	1,250	-	1,250	32,161
Cash in revolving fund	5,000	-	5,000	-
Total cash and investments	\$ 4,286,368	\$ 218,541	\$ 4,504,909	\$ 75,989

*Investment in county treasury is presented net of deficit cash.

B. Policies and Practices

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

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Mendocino County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$4,574,351 and an amortized book value of \$4,542,487. The average weighted maturity for this pool is 358 days.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2019, the pooled investments in the County Treasury were not rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 data if reasonable 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 Mendocino 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.

The District's fair value measurements at June 30, 2019 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 4,574,351
Total fair market value of investments	<u>\$ 4,574,351</u>

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government			
Categorical aid	\$ 12,301	\$ 23,138	\$ 35,439
State Government			
Apportionment	65,323	-	65,323
Categorical aid	126,008	1,594	127,602
Lottery	36,192	-	36,192
Local Government			
Other local sources	106,919	3,018	109,937
Total	\$ 346,743	\$ 27,750	\$ 374,493

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 320,665	\$ -	\$ -	\$ 320,665
Construction in progress	3,910,039	668,687	-	4,578,726
Total Capital Assets not Being Depreciated	4,230,704	668,687	-	4,899,391
Capital assets being depreciated				
Land improvements	53,693	9,725	-	63,418
Buildings & improvements	15,026,495	-	-	15,026,495
Furniture & equipment	674,349	28,190	-	702,539
Total Capital Assets Being Depreciated	15,754,537	37,915	-	15,792,452
Less Accumulated Depreciation				
Land improvements	2,695	3,171	-	5,866
Buildings & improvements	6,501,839	301,931	-	6,803,770
Furniture & equipment	391,415	24,027	-	415,442
Total Accumulated Depreciation	6,895,949	329,129	-	7,225,078
Governmental Activities				
Capital Assets, net	\$ 13,089,292	\$ 377,473	\$ -	\$ 13,466,765

Depreciation expense was allocated to the following governmental functions for the year ended June 30, 2019:

Instruction	\$ 305,102
Home-to-school transportation	21,071
Food services	2,956
Total	\$ 329,129

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 consisted of a transfer from the General Fund to the Non-Major Special Reserve Fund for Capital Outlay Projects to purchase a new culinary arts building in the amount of \$100,000.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2019 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	District-Wide	Total Governmental Activities
Payroll	\$ 42,596	\$ -	\$ 2,137	\$ -	\$ -	\$ 44,733
Construction	-	12,126	7,708	-	-	19,834
Vendors payable	128,579	-	2,502	118	-	131,199
Unmatured interest	-	-	-	-	72,069	72,069
Total	\$ 171,175	\$ 12,126	\$ 12,347	\$ 118	\$ 72,069	\$ 267,835

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2019 consisted of \$19,166 in the General Fund related to federal sources and \$122,200 in the General Fund related to state categorical sources.

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2019 consisted of the following:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 8,088,517	\$ 182,614	\$ 385,000	\$ 7,886,131	\$ 445,000
Unamortized premium	450,492	-	31,034	419,458	31,034
Total general obligation bonds	8,539,009	182,614	416,034	8,305,589	476,034
Compensated absences	20,964	2,298	-	23,262	-
Total OPEB liability	222,544	9,198	-	231,742	-
Net pension liability	4,948,429	113,670	-	5,062,099	-
Total	\$ 13,730,946	\$ 307,780	\$ 416,034	\$ 13,622,692	\$ 476,034

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2019 amounted to \$23,262. This amount is included as part of long-term liabilities in the government-wide financial statements.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds

The District's general obligation bonds at June 30, 2019 consisted of the following:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2018	Additions	Deductions	Bonds Outstanding June 30, 2019
2000A	8/31/2000	9/1/2025	4.0%-4.8%	\$ 3,499,743	\$ 2,618,517	\$ 182,614	\$ -	\$ 2,801,131
2014A	3/31/2015	9/1/2044	2.0%-5.0%	5,500,000	5,115,000	-	30,000	5,085,000
2015 Refunding	3/31/2015	9/1/2018	2.0%-4.0%	990,000	355,000	-	355,000	-
					\$ 8,088,517	\$ 182,614	\$ 385,000	\$ 7,886,131

On August 31, 2000, the District issued \$3,499,743 in current interest and capital appreciation General Obligation Bonds (Election of 2000, series A). The bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County of Mendocino. Interest rates range from 4.0% to 4.8%. A portion of the bonds were advance refunded during the year ended June 30, 2015. The annual requirements to amortize the remaining Election of 2000 Series A bonds outstanding at June 30, 2019 were as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 95,726	\$ 95,726	\$ 191,452
2021	94,196	94,196	188,392
2022	96,182	96,182	192,364
2023	96,214	96,214	192,428
2024	136,241	136,241	272,482
2025 - 2026	271,184	271,184	542,368
Accretion	2,011,388	(2,011,388)	-
Total	\$ 2,801,131	\$ (1,221,645)	\$ 1,579,486

On March 31, 2015, the District issued \$5,500,000 in current interest General Obligation Bonds (Election of 2014, series A). Interest rates range from 2.0% to 5.0%. The annual requirements to amortize the Election of 2014 Series A bonds outstanding at June 30, 2019 were as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 40,000	\$ 215,806	\$ 255,806
2021	45,000	214,956	259,956
2022	55,000	213,956	268,956
2023	60,000	212,806	272,806
2024	70,000	211,506	281,506
2025 - 2029	495,000	1,027,747	1,522,747
2030 - 2034	790,000	933,484	1,723,484
2035 - 2039	1,215,000	739,209	1,954,209
2040 - 2044	1,850,000	362,500	2,212,500
2045	465,000	11,625	476,625
Total	\$ 5,085,000	\$ 4,143,595	\$ 9,228,595

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds (continued)

On March 31, 2015, the District issued \$990,000 in current interest refunding General Obligation Bonds (2015 Refunding) to advance refund a portion of the Election of 2000 General Obligation Bonds, Series A. Interest rates range from 2.0% to 4.0%. The bonds matured in full during the year ended June 30, 2019.

C. Other Postemployment Benefits

The District's beginning total OPEB liability was \$222,544 and increased by \$9,198 during the year ended June 30, 2019. The ending total OPEB liability at June 30, 2019 was \$231,742. See Note 10 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The District's beginning net pension liability was \$4,948,429 and increased by \$113,670 during the year ended June 30, 2019. The ending net pension liability at June 30, 2019 was \$5,062,099. See Note 11 for additional information regarding the net pension liability.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2019:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Total non-spendable	5,000	-	-	-	5,000
Restricted					
Educational programs	138,557	-	-	58,233	196,790
Capital projects	-	1,190,765	-	218,796	1,409,561
Debt service	-	-	582,656	46	582,702
All others	-	-	-	250	250
Total restricted	138,557	1,190,765	582,656	277,325	2,189,303
Committed					
Stabilization	384,317	-	-	-	384,317
Deferred maintenance	-	-	-	7,675	7,675
Total committed	384,317	-	-	7,675	391,992
Assigned					
NCRCN	7,762	-	-	-	7,762
MAA	71,201	-	-	-	71,201
Salary and benefits	120,000	-	-	-	120,000
MC one time	75,000	-	-	-	75,000
HVAC	50,000	-	-	-	50,000
STRS/PERS	80,000	-	-	-	80,000
Repayment of loan	110,000	-	-	-	110,000
Supp/conc	29,023	-	-	-	29,023
Spyrock playground	60,000	-	-	-	60,000
Unanticipated	112,870	-	-	-	112,870
GFOA 7% additional	401,718	-	-	-	401,718
Locally defined projects	34,961	-	-	-	34,961
LHS gym roof	40,000	-	-	-	40,000
Gym bleacher repair	10,000	-	-	-	10,000
Roofs	20,000	-	-	-	20,000
Facilities repair and improvement	231,000	-	-	-	231,000
MPR floor	20,000	-	-	-	20,000
Lottery	7,537	-	-	-	7,537
Total assigned	1,481,072	-	-	-	1,481,072
Unassigned					
Reserve for economic uncertainties	256,480	-	-	-	256,480
Total unassigned	256,480	-	-	-	256,480
Total	\$ 2,265,426	\$ 1,190,765	\$ 582,656	\$ 285,000	\$ 4,323,847

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Laytonville Unified School District's defined benefit OPEB plan, Laytonville Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

Certificated employees may retire and receive District-paid contributions towards healthcare (medical, dental, and vision) upon attainment of age 55 and completion of 10 years of continuous District service.

The District pays benefits based on the number of years of service. Employees with single coverage and 10 or more years of service receive benefits up to 75% of single premiums for 3 years. Instead, they may choose benefits of 50% of premiums for 4 years, or 2 years at 75% paid and 3 years of 25% paid. Employees with single coverage and 15 or more years of service receive benefits up to 75% of single premiums for 4 years. Instead, they may choose benefits of 2 years at 75% paid and 3 years of 50% paid. Employees with single coverage and 20 years of service or more receive 75% paid benefits for 5 years.

Employees with family coverage and 10 or more years of service receive benefits up to 75% of family premiums for 2 years. Instead, they may choose benefits of 50% of premiums for 3 years, or 5 years at 25% paid. Employees with family coverage and 15 or more years of service receive benefits up to 75% of family premiums for 3 years. Instead, they may choose benefits of 1 year at 75% paid and 3 years of 50% paid, or 3 years at 50% paid and 2 years of 25% paid. Employees with family coverage and 20 years of service or more receive 75% paid benefits for 3 years and 50% for one year, or 50% paid for 5 years.

In all cases, benefit cease when the retiree reaches age 65. For purposes of this valuation, we have assumed those with single coverage have greater than 10 but less than 15 years of service, and those with family coverage have between 15 years and 20 years of service.

Survivor benefits are not available, and the District does not prorate for part time employees.

C. Contributions

The contribution requirements of Plan members and the Laytonville Unified School District are established and may be amended by the Laytonville Unified School District and its bargaining units. For the measurement period, the District contributed \$8,092 to the Plan, all of which was used for current premiums on a pay-as-you-go basis.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	-
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	23
Total number of participants**	23

*Information not provided

**As of the July 1, 2017 valuation date

E. Total OPEB Liability

The Laytonville Unified School District's total OPEB liability of \$231,742 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

F. Actuarial Assumptions and Other Inputs

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

Economic assumptions:

Salary increases	3.00%
Discount rate	3.62%
Healthcare cost trend rates	5.00%

Non-economic assumptions:

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

The actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Changes in Total OPEB Liability

	<u>June 30, 2019</u>
Total OPEB Liability	
Service Cost	\$ 17,624
Interest on total OPEB liability	6,840
Difference between expected and actual experience	(7,174)
Benefits payments	<u>(8,092)</u>
Net change in total OPEB liability	9,198
Total OPEB liability - beginning	<u>222,544</u>
Total OPEB liability - ending	<u>\$ 231,742</u>
 Covered-employee payroll	 \$ 2,004,844
 District's total OPEB liability as a percentage of covered-employee payroll	 11.56%

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

The following presents the total OPEB liability of the Laytonville Unified School 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 (2.62 percent) or one percentage point higher (4.62 percent) than the current discount rate:

	1% Decrease	Valuation	1% Increase
	(2.62%)	Discount Rate	(4.62%)
	<u></u>	<u>(3.62%)</u>	<u></u>
Total OPEB liability	\$ 246,695	\$ 231,742	\$ 217,985

J. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Laytonville Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.00 percent) or one percentage point higher (6.00 percent) than the current healthcare cost trend rate:

	1% Decrease	Valuation Trend	1% Increase
	(4.00%)	Rate	(6.00%)
	<u></u>	<u>(5.00%)</u>	<u></u>
Total OPEB liability	\$ 211,954	\$ 231,742	\$ 254,942

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

For the fiscal year ended June 30, 2019, the Laytonville Unified School District recognized OPEB expense of \$17,290. At June 30, 2019, the Laytonville Unified School District reported no deferred outflows of resources related to OPEB or deferred inflows of resources related to OPEB.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement 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). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 3,090,774	\$ 833,706	\$ 308,676	\$ 337,346
PERS Pension	1,971,325	547,956	88,396	325,419
Total	\$ 5,062,099	\$ 1,381,662	\$ 397,072	\$ 662,765

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2019, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$303,851 for the year ended June 30, 2019.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$282,081 to CalSTRS, which included a supplemental contribution for fiscal year 2019 due to California Senate Bill No. 90.

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

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

District's proportionate share of the net pension liability	\$	3,090,774
State's proportionate share of the net pension liability associated with the District		1,769,622
Total	\$	<u>4,860,396</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.003 percent, which did not change from its proportion measured as of June 30, 2017.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2019, the District recognized pension expense of \$337,346. In addition, the District recognized pension expense and revenue of \$60,344 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 119,014
Differences between expected and actual experience	9,584	44,895
Changes in assumptions	480,143	-
Changes in proportion and differences between District contributions and proportionate share of contributions	40,128	144,767
District contributions subsequent to the measurement date	303,851	-
	<u>\$ 833,706</u>	<u>\$ 308,676</u>

The \$303,851 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 104,634	\$ 19,233
2021	104,634	63,911
2022	104,634	145,095
2023	104,634	62,501
2024	104,631	17,476
2025	6,688	460
	<u>\$ 529,855</u>	<u>\$ 308,676</u>

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%
	<hr/> 100% <hr/>	

*20-year geometric average

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 4,527,622	\$ 3,090,774	\$ 1,899,487

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2019 was 18.062% of annual payroll. Contributions to the plan from the District were \$197,259 for the year ended June 30, 2019.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalPERS for K-12 education. These payments consisted of state general fund contributions of approximately \$66,805 to CalPERS for fiscal year 2019 due to California Senate Bill No. 90.

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

At June 30, 2019, the District reported a liability of \$1,971,325 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.007 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2017.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2019, the District recognized pension expense of \$325,419. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 16,169	\$ -
Differences between expected and actual experience	129,233	-
Changes in assumptions	196,828	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,467	88,396
District contributions subsequent to the measurement date	197,259	-
	<u>\$ 547,956</u>	<u>\$ 88,396</u>

The \$197,259 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 212,439	\$ 38,883
2021	152,398	26,060
2022	(2,505)	23,453
2023	(11,635)	-
	<u>\$ 350,697</u>	<u>\$ 88,396</u>

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

*An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 2,870,155	\$ 1,971,325	\$ 1,225,617

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2019, the District participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settlement claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the District are as follows:

The Northern California Schools Insurance Group (NCSIG) arranges for and provides property and liability insurance for its member Districts. The District pays a premium commensurate with the level of coverage requested. This is a partial self-insurance program. The JPA is governed by and Executive Committee consisting of a representative from each member District and County. The Governing Board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the Governing Board. The JPA is independently accountable for its fiscal matters. The Insurance Group maintains its own accounting records. The budget is not subject to any approval other than that of the Executive Committee.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES (continued)

The District also participates in Schools Insurance Group Northern Alliance (SIGNAL) which is a Joint Powers Authority organized in accordance with Title 1, Division 7, Chapter 5, Article 1 of the *California Government Code*. The purpose of the organization is to jointly provide for a self insurance plan and system for workers' compensation claims against the member public educational agencies. The Alliance is under the control and direction of a Board of Directors consisting of the representatives of the twenty member Districts. Member contributions are based on rates established by the Joint Powers Authority's Board of Directors. The Board sets member contribution rates based on actual historical loss experience statistics. Experience modification factors are computed for each member based on the Worker's Compensation Insurance Rating Bureau of California guidelines.

The District also participates in the Schools Excess Liability Fund (SELF), a State Joint Powers Agency established as a cooperative program of self-funding and risk management for excess liability for California public educational agencies. Districts commit to a three-year participation in SELF, but those withdrawing after three years may be entitled to a partial refund five years after withdrawal, under certain conditions. Member Districts may be required to make additional contributions in the event excess liability claims against SELF exceed available resources.

The relationship between the District and the JPAs is such the JPAs are not component units of the District for financial reporting purposes. The JPAs are governed by boards consisting of representatives from the member agencies. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member district pays premiums commensurate with the level of coverage or service requested, and share surpluses and deficits proportionate to its participation in the JPA. Current financial information pertaining to the JPAs listed above is not available.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2019, the deferred amount on refunding was fully amortized.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2019, total deferred outflows related to pensions was \$1,381,662 and total deferred inflows related to pensions was \$397,072.

REQUIRED SUPPLEMENTARY INFORMATION

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 4,169,849	\$ 4,205,006	\$ 4,192,452	\$ (12,554)
Federal sources	312,047	368,233	371,029	2,796
Other state sources	516,930	508,930	648,762	139,832
Other local sources	442,849	444,745	517,165	72,420
Total Revenues	5,441,675	5,526,914	5,729,408	202,494
EXPENDITURES				
Certificated salaries	2,055,790	2,052,007	2,016,606	35,401
Classified salaries	1,031,745	995,433	973,106	22,327
Employee benefits	1,294,880	1,441,770	1,527,902	(86,132)
Books and supplies	466,154	588,420	341,684	246,736
Services and other operating expenditures	748,379	974,495	818,332	156,163
Capital outlay	-	57,000	68,785	(11,785)
Other outgo				
Excluding transfers of indirect costs	-	-	2,953	(2,953)
Transfers of indirect costs	(4,500)	(4,500)	(10,803)	6,303
Total Expenditures	5,592,448	6,104,625	5,738,565	366,060
Excess (Deficiency) of Revenues				
Over Expenditures	(150,773)	(577,711)	(9,157)	568,554
Other Financing Sources (Uses)				
Transfers out	(16,000)	(116,000)	(100,000)	16,000
Net Financing Sources (Uses)	(16,000)	(116,000)	(100,000)	16,000
NET CHANGE IN FUND BALANCE	(166,773)	(693,711)	(109,157)	584,554
Fund Balance - Beginning	1,721,014	2,347,805	2,347,805	-
Fund Balance - Ending	\$ 1,554,241	\$ 1,654,094	\$ 2,238,648	\$ 584,554

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- Audit adjustments of \$26,778 are not included in the actual revenues reported in this schedule.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability		
Service Cost	\$ 17,624	\$ 17,112
Interest on total OPEB liability	6,840	6,415
Difference between expected and actual experience	(7,174)	-
Benefits payments	<u>(8,092)</u>	<u>(11,818)</u>
Net change in total OPEB liability	9,198	11,709
Total OPEB liability - beginning	<u>222,544</u>	<u>210,835</u>
Total OPEB liability - ending	<u>\$ 231,742</u>	<u>\$ 222,544</u>
 Covered-employee payroll	 \$ 2,004,844	 \$ 2,084,671
 District's total OPEB liability as a percentage of covered-employee payroll	 11.56%	 10.68%

See accompanying note to required supplementary information.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.003%	0.003%	0.003%	0.004%	0.004%
District's proportionate share of the net pension liability	\$ 3,090,774	\$ 3,055,717	\$ 2,800,547	\$ 2,415,261	\$ 2,110,004
State's proportionate share of the net pension liability associated with the District	1,769,622	1,807,751	1,594,536	1,277,403	1,274,111
Total	<u>\$ 4,860,396</u>	<u>\$ 4,863,468</u>	<u>\$ 4,395,083</u>	<u>\$ 3,692,664</u>	<u>\$ 3,384,115</u>
District's covered payroll	\$ 1,809,055	\$ 1,771,033	\$ 1,738,550	\$ 1,791,631	\$ 1,608,230
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.9%	172.5%	161.1%	134.8%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.007%	0.008%	0.008%	0.008%	0.008%
District's proportionate share of the net pension liability	\$ 1,971,325	\$ 1,892,712	\$ 1,521,655	\$ 1,188,438	\$ 919,905
District's covered payroll	\$ 975,191	\$ 1,011,027	\$ 881,623	\$ 978,405	\$ 850,629
District's proportionate share of the net pension liability as a percentage of its covered payroll	202.1%	187.2%	172.6%	121.5%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 303,851	\$ 258,073	\$ 221,691	\$ 185,728	\$ 146,527
Contributions in relation to the contractually required contribution*	(303,851)	(258,073)	(221,691)	(185,728)	(146,527)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,882,554	\$ 1,809,055	\$ 1,771,033	\$ 1,738,550	\$ 1,791,631
Contributions as a percentage of covered payroll	16.14%	14.27%	12.52%	10.68%	8.18%

*Amounts do not include on-behalf contributions

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 197,259	\$ 151,384	\$ 140,685	\$ 108,750	\$ 104,941
Contributions in relation to the contractually required contribution*	(197,259)	(151,384)	(140,685)	(108,750)	(104,941)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,063,715	\$ 975,191	\$ 1,011,027	\$ 881,623	\$ 978,405
Contributions as a percentage of covered payroll	18.54%	15.52%	13.92%	12.34%	10.73%

*Amounts do not include on-behalf contributions

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms.

Changes in Assumptions

The discount rate was changed from 3.13% to 3.62% since the previous measurement.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

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

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2019, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Employee benefits	\$ 1,441,770	\$ 1,527,902	\$ 86,132
Capital outlay	\$ 57,000	\$ 68,785	\$ 11,785
Other outgo			
Excluding transfers of indirect costs	\$ -	\$ 2,953	\$ 2,953

SUPPLEMENTARY INFORMATION

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2019**

	Second Period Report	Annual Report
	Certificate No. D17789B8	Certificate No. 83BE8CE5
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	91.27	89.67
Total TK/K through Third	91.27	89.67
Fourth through Sixth		
Regular ADA	81.47	81.26
Total Fourth through Sixth	81.47	81.26
Seventh through Eighth		
Regular ADA	57.21	57.79
Total Seventh through Eighth	57.21	57.79
Ninth through Twelfth		
Regular ADA	104.41	105.35
Total Ninth through Twelfth	104.41	105.35
TOTAL SCHOOL DISTRICT	334.36	334.07

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019**

Grade Level	Minutes Requirement	2018-19 Actual Minutes	Number of Days	Status
Kindergarten	36,000	49,500	180	Complied
Grade 1	50,400	53,400	180	Complied
Grade 2	50,400	53,400	180	Complied
Grade 3	50,400	53,400	180	Complied
Grade 4	54,000	55,380	180	Complied
Grade 5	54,000	55,380	180	Complied
Grade 6	54,000	55,200	180	Complied
Grade 7	54,000	55,200	180	Complied
Grade 8	54,000	55,200	180	Complied
Grade 9	64,800	65,068	180	Complied
Grade 10	64,800	65,068	180	Complied
Grade 11	64,800	65,068	180	Complied
Grade 12	64,800	65,068	180	Complied

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

	2020 (Budget)	2019	2018	2017
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 5,653,253	\$ 5,729,408	\$ 5,385,778	\$ 5,456,310
Expenditures And Other Financing Uses	5,928,724	5,838,565	5,410,717	5,176,612
Net change in Fund Balance	\$ (275,471)	\$ (109,157)	\$ (24,939)	\$ 279,698
Ending Fund Balance	\$ 1,963,177	\$ 2,238,648	\$ 2,347,805	\$ 2,372,744
Available Reserves*	\$ 237,149	\$ 256,480	\$ 408,329	\$ 452,914
Available Reserves As A Percentage Of Outgo	4.00%	4.39%	7.55%	8.75%
Long-term Liabilities	\$ 13,146,658	\$ 13,622,692	\$ 13,730,946	\$ 13,226,098
Average Daily Attendance At P-2	328	334	346	360

The General Fund balance has decreased by \$134,096 over the past two years. The fiscal year 2019-20 budget projects a further decrease of \$275,471. For a District this size, the State recommends available reserves of at least 4% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2019-20 fiscal year. Total long-term obligations have increased by \$396,594 over the past two years.

Average daily attendance has decreased by 26 ADA over the past two years and is anticipated to decreased by an additional 6 ADA during the 2019-20 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because audit adjustments of \$26,778 are not included in the revenues and other financing sources reported in this schedule.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund
June 30, 2019, annual financial and budget report fund balance	<u>\$ 2,238,648</u>
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Increase in accounts receivable	<u>26,778</u>
Net adjustments and reclassifications	<u>26,778</u>
June 30, 2019, audited financial statement fund balance	<u>\$ 2,265,426</u>

LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 60,786	\$ 250	\$ 7,675	\$ 226,504	\$ 46	\$ 295,261
Accounts receivable	-	27,750	-	-	-	27,750
Total Assets	\$ 60,786	\$ 28,000	\$ 7,675	\$ 226,504	\$ 46	\$ 323,011
LIABILITIES						
Deficit cash	\$ -	\$ 25,664	\$ -	\$ -	\$ -	\$ 25,664
Accrued liabilities	2,553	2,086	-	7,708	-	12,347
Total Liabilities	2,553	27,750	-	7,708	-	38,011
FUND BALANCES						
Restricted	58,233	250	-	218,796	46	277,325
Committed	-	-	7,675	-	-	7,675
Total Fund Balances	58,233	250	7,675	218,796	46	285,000
Total Liabilities and Fund Balance	\$ 60,786	\$ 28,000	\$ 7,675	\$ 226,504	\$ 46	\$ 323,011

See accompanying note to supplementary information.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund	Non-Major Governmental Funds
REVENUES						
LCFF sources	\$ -	\$ -	\$ 19,603	\$ -	\$ -	\$ 19,603
Federal sources	-	151,548	-	-	-	151,548
Other state sources	5,427	14,096	-	-	-	19,523
Other local sources	175,220	21,116	(39)	13,235	1	209,533
Total Revenues	180,647	186,760	19,564	13,235	1	400,207
EXPENDITURES						
Current						
Instruction	165,458	-	-	-	-	165,458
Pupil services						
Food services	-	180,457	-	-	-	180,457
General administration						
All other general administration	4,500	6,303	-	-	-	10,803
Plant services	1,077	-	13,158	791	-	15,026
Facilities acquisition and maintenance	-	-	-	89,203	-	89,203
Total Expenditures	171,035	186,760	13,158	89,994	-	460,947
Excess (Deficiency) of Revenues Over Expenditures	9,612	-	6,406	(76,759)	1	(60,740)
Other Financing Sources (Uses)						
Transfers in	-	-	-	100,000	-	100,000
Net Financing Sources (Uses)	-	-	-	100,000	-	100,000
NET CHANGE IN FUND BALANCE	9,612	-	6,406	23,241	1	39,260
Fund Balance - Beginning	48,621	250	1,269	195,555	45	245,740
Fund Balance - Ending	\$ 58,233	\$ 250	\$ 7,675	\$ 218,796	\$ 46	\$ 285,000

See accompanying note to supplementary information.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019**

Laytonville Unified School District is located in a small town in the heart of Redwood Country approximately 175 miles north of San Francisco. The District includes six schools and serves students in grades K-12. The schools include a K-8 School, a comprehensive high school, a community day school, a continuation high school and two one-room schoolhouses; one in the town of Branscomb and the other on Spy Rock. In addition to the K-12 programs, there is a state preschool program located on the elementary school campus.

GOVERNING BOARD

Member	Office	Term Expires
Calvin Harwood	President	December 2022
Mat Paradis	Clerk	December 2020
Meagen Hedley	Trustee	December 2020
Shelagh Deveney	Trustee	December 2022
Erin Gamble	Trustee	December 2022

DISTRICT ADMINISTRATORS

Ms. Joan Potter
Superintendent

Ms. Shannon Ford
Business Manager

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208. During the year ended June 30, 2019, the District participated in the Longer Day incentive funding program. As of June 30, 2019, the District had met its target funding.

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**

Independent Auditors' Report

Governing Board
Laytonville Unified School District
Laytonville, 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 Laytonville Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Laytonville Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 11, 2019

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Laytonville Unified School District
Laytonville, California

Report on State Compliance

We have audited Laytonville Unified School District's compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Laytonville Unified School District's state programs for the fiscal year ended June 30, 2019, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Laytonville Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Laytonville Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Laytonville Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Laytonville Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2019.

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because the reported ADA for the programs was below the threshold that required testing.

Christy White, Inc.

San Diego, California
December 11, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

The District was not subject to Uniform Guidance Single Audit for the year ended June 30, 2019 because federal award expenditures did not exceed \$750,000.

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2019.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no state award findings and questioned costs for the year ended June 30, 2019.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING #2018-001: SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: School Accountability Report Cards (SARCs), prepared on annual basis for each school site within the District, should contain information on the availability of sufficient textbooks and other instructional materials pursuant to Education Code section 33126(b)(6)(B) with the information in the resolution and the determinations pursuant to Education Code section 60119 for the year applicable to the SARCs. SARCs should also contain information regarding school facilities conditions, as indicated in the most recently prepared facility inspection tool (FIT) form developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, as per Education Code Sections 33126(b)(8) and 17002(d).

Condition: During testing of a representative sample of 2016-17 SARC posted in 2017-18, we noted that Laytonville Elementary School's SARC did not report most recent facility inspection evaluation which took place November 6, 2017. Instead, information was rolled forward from October 2016. The table below summarizes the discrepancies:

System Inspected	October 2016	November 2017
Interior	Good	Fair
Electrical	Fair	Poor
Restrooms/Fountains	Good	Fair
Overall Facility Rating	Good	Fair

Cause: Likely due to clerical error in preparation of the SARCs.

Effect: Inaccurate SARC reporting and noncompliance with disclosure of most recent FIT data in the SARC.

Recommendation: We recommend the District implement procedures to ensure all information presented on the SARCs are contemporaneous and complete.

Corrective Action Plan: Laytonville Elementary School was under the impression that data included in the SARC was to be data from the *previous* school year. The school and District are now aware that the FIT data needs to be from the most recent facility inspection which would be *current* year. In all future SARCs the District will ensure that current year facility inspection data is reported.

Current Status: Implemented.