



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Los Altos School District

201 Covington Road

Los Altos, California 94024

www.losaltos.k12.ca.us

**Fiscal Year Ended
June 30, 2020**

Los Altos School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Mr. Jeffrey C. Baier
Superintendent

Mr. Randall A. Kenyon
Assistant Superintendent, Business Services

Los Altos School District
201 Covington Road
Los Altos, California 94024
650-947-1150
www.losaltos.k12.ca.us

Los Altos School District
A K–8 School District
Santa Clara County, California

Los Altos School District
Los Altos, California



Los Altos School District, a small suburban K–8 school district, is located in the San Francisco Bay Area in Santa Clara County. We are in the northwest section of the county, with neighboring cities Palo Alto, Mountain View, and Cupertino.

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Introductory Section

Los Altos School District

201 Covington Road
Los Altos, California 94024
Tel: (650) 947-1150 FAX: (650) 947-0118



March 25, 2021

To Honorable Board of Trustees and Citizens of the Los Altos School District:

We hereby submit the Comprehensive Annual Financial Report of the Los Altos School District for the fiscal year ended June 30, 2020 (FY 2020). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with district management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). This report is consistent with legal reporting requirements of the State of California. The report also includes a "State and Federal Compliance Information" section which is designed to meet the reporting requirements of the Office of the California State Controller, the U. S. Government Accountability Office, the U. S. Office of Management and Budget, and the Single Audit Act Amendments of 1996.

The district's financial statements have been audited by Chavan & Associates, LLP, a certified public accounting firm. They have issued an unmodified ("clean") opinion on the district's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

The report also includes a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). It provides an objective and easily readable analysis of the district's financial activities on both a short and long term basis. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditor.

Profile of the District

Los Altos School District, one of thirty-two districts in Santa Clara County in California, is an elementary school district serving students from kindergarten to grade eight. We are located in the heart of Silicon Valley in the San Francisco Bay Area. The district boundaries include most of the City of Los Altos, half of the Town of Los Altos Hills, parts of the cities of Mountain View and Palo Alto, and some unincorporated county lands. Los Altos School District was founded in 1909. The district's mission statement is as follows—"the Los Altos School District inspires a passion for learning and prepares all K–8 students to thrive in our rapidly changing global community."

The district serves a general population estimated at 44,372 in an area of approximately 21 square miles. In FY 2020 the district employed 444 full-time equivalent workers. Of that total, 267 were certificated employees and 177 were classified employees. Certificated employees (teachers, psychologists and counselors, nurses, principals, and other administrators) require a credential as a condition of employment. Classified employees are those for whom having a credential is not a condition of employment. Classified employees include among others instructional aides, school secretaries and other clerical staff, custodians, and maintenance workers.

An elected five-member board of trustees governs the district. The board's duties and powers include establishing a long-term vision for the district; ensuring accountability to the local community; acquiring, maintaining, and disposing of property; developing a sound organizational structure and school program; adopting an annual budget; and, establishing a system of accounting and budgetary controls. Trustees are elected for four-year terms. The superintendent, Jeff Baier, runs the day-to-day operations of the district. The district is a public agency governed by the laws of the State of California. Los Altos School District is fiscally dependent on the Santa Clara County Office of Education. The district has no component units nor is it a component of any other entity.

The district currently has 3,600 students enrolled in nine schools—seven elementary (K–6) and two intermediate (7–8). Most of our students live in neighborhoods of relatively high socio-economic status. Many of the executive officers of our country's most prominent technology firms live within our district. The average home price in the city of Los Altos in 2019 was just under \$3.5 million.

Economic Condition and Outlook

While we ended the 2019–20 fiscal year on fairly strong financial footing, there is a great deal of uncertainty regarding the future due primarily to the COVID–19 pandemic. It is unclear how long the pandemic will last and what its ultimate impact will be. With that in mind, we have grown our reserves over the last year from 6% to over 11%.

We continue to enjoy the support of the local community—through on-going approval of parcel tax measures (15% of our total General Fund revenue), a robust education foundation, and significant PTA funding. Additionally, we continue experiencing good property tax growth—7% growth in the past fiscal year. Our tax growth is largely fueled by housing turnover, as we are predominantly a residential community (90% of properties).

California law stipulates that the assessed valuation (AV) of secured property can rise from one year to the next no more than the year-over-year increase in state CPI or 2%, whichever is less. Offsetting this factor is change in AV due to new homes being built or housing turnover wherein the new AV represents the sales price of the home. Since one-fifth of all homes in our community have assessed valuations of \$200,000 or less and with the recent average sales price of around \$3.5 million, there is potential for significant AV increases—depending on the amount of turnover.

Achievement

The district prides itself on providing an outstanding education to our students. Recent statewide test results show how well our students perform. The following are results from Spring 2019 standards-based testing under the California Assessment of Student Performance and Progress (CAASPP).

- 87% of district students met or exceeded standards in English-Language Arts as compared to 51% statewide.
- 85% of district students met or exceeded standards in Mathematics as compared to 40% statewide.

In addition to the CAASPP results above, statistical evidence prior to the statewide conversion to standards based testing and grading shows how well district students performed on standardized tests. That evidence included the following:

- The last (2013) state Academic Performance Index (API) ranked all district schools among the highest in the state. Overall our students recorded the third highest test results in the state. We ranked in the top five in the state every year since the testing program began in 2000.
- Other test results showed our students scoring within the top 2% of all children tested in California. California Assessment Program (CAP) scores in 1992 showed Los Altos students scoring at the 98th or 99th percentile in all grades and in all subject areas. 1997 California Achievement Test (CAT-5) scores, which were nationally normed, showed the average Los Altos student scoring higher than 88% of all students tested nationally. Over a fourteen year period (1998–2013) California's Standardized Testing and Reporting (STAR) test results, which also were nationally normed, showed the average Los Altos student scoring in the 80th – 90th percentile.
- All district schools are California Distinguished Schools and five of our nine schools (Blach, Egan, Gardner Bullis, Oak, and Santa Rita) have been chosen as national Blue Ribbon Schools.

Long Term Planning/Major Initiatives

Academic Excellence

The district continues to improve and refine its academic offerings, focusing on identified curriculum areas and instructional strategies each year. Recruiting and retaining fully qualified and well trained teachers and administrators are high priorities.

District Enrollment

Until recently the district was experiencing steady enrollment growth over a ten year period, averaging 1.4% per year. In the last four years enrollment actually has decreased, by 17.6% (817 students) from four years earlier. However, with several high density housing projects in the pipeline we expect growth in enrollment in the not too distant future. Our demographic forecast shows enrollment remaining relatively flat.

District Funding Status

For the typical school district in California, property taxes provide less than 40% of the total formula-driven general operating revenue guarantee (under the new Local Control Funding Formula scheme). The state contributes the remainder, over 60%, in state aid. In our district the picture is very different. Because of high assessed values, property tax collections are more significant and in fact have exceeded our funding guarantee—thus pushing us into what is called “basic aid” status.

A basic aid district is one in which the local property taxes collected for schools exceed the calculated revenue guarantee. Because basic aid districts get to keep property tax revenues in excess of the revenue limit, there can be a significant financial advantage to being “basic aid.” As a basic aid district we are reliant on local property tax collections rather than dependent on state funding.

Reserves Policy

The district has a reserves policy reflecting the need of a basic aid district to have a higher level of reserves. The policy targets a general operating reserve of 3–5% and a second reserve layer as a basic aid district of a minimum of 5%. The state-required minimum reserves level for a district our size is 3%. District reserves at the end of FY 2020 were 11.2% of total outgo, a doubling (5.6% increase) over the prior year.

Charter School

Bullis Charter School, a county-sponsored charter school, is located within the district and serves students in grades kindergarten through eighth grade. The majority of students attending the charter school are district residents while a small percentage of students (5.4%) come from outside the district. Based on state law the district is required to provide facilities for the in-district charter students and provide a share of its property tax revenues to the charter school as general purpose funding for all its students (in-district and out-of-district). In FY2020 the district apportioned \$8.8 million to the charter school and provided facilities on two district campuses—at Egan and Blach junior highs—for the 983 in-district charter students.

School Buildings

All district schools were originally built between 1949 and 1961, with Loyola School being the oldest and Gardner Bullis School being built in 1961. All campuses were renovated in the early 2000's as part of the 1998 Bond Measure Program. In addition to the original buildings, on each campus we have added relocatable classrooms and other facilities to accommodate enrollment growth over the last thirty years. We currently have 135 relocatable buildings throughout the district, all on short term leases. It is expected we will convert most, if not all, relocatable buildings into permanent ones as part of our 2014 Bond Measure Program.

Major Initiatives

In California school districts are limited in their ability to tax the local citizenry to raise monies for schools. State law limits ad valorem taxes to 1% of assessed valuation (AV). AV is defined as 100% of the value of real property at the time of sale. The state limits annual increases in AV to no more than 2%. The only time property is reassessed is at the time of sale with the new assessment reflecting the sale price of the property. Ad valorem property tax revenues provide the base general purpose funding for our schools. The only additional taxing authority school districts have is for general obligation bonds and parcel taxes both of which require special elections and passage by a 2/3 majority vote. Proposition 39, enacted in 2000, permits passage of a local general obligation bond by a 55% majority under special circumstances.

In recent years the district has undertaken two major initiatives to deal with long term planning issues—a second parcel tax and a general obligation bond measure.

Parcel Tax. The district initially put a parcel tax measure before the voters in 1989. The measure, which imposed a flat per parcel assessment of \$168, was approved and enabled the district to restore cut programs and to forestall future reductions. That tax has since been increased twice through voter elections. The most recent increase, which brought the tax up to \$597 from \$264, was approved in November 2002 by over 70% of the votes cast. This increase took effect in FY 2004 and generates an additional \$4 million in general purpose revenues for a total of \$7.5 million. The intent of the increase was to enable the district to continue its then current programs for several years, in spite of any state funding cutbacks. This tax has an indefinite lifespan.

As a result of continued funding cutbacks and a sluggish economy, the district sought voter approval of another parcel tax in May 2011. This second parcel tax, in the amount of \$193 per parcel, was approved by over 2/3 of voters and lasts six years. This parcel tax was renewed by voter approval in the November 2016 election and will continue for an additional eight years (through June 2025). The additional funds enable the district to maintain consistency of program.

General Obligation Bonds. In the fall of 1998, a bond measure was placed before the voters of the district. The measure proposed issuing general obligation bonds in the amount of \$94.7 million to provide funding to renovate and modernize existing buildings throughout the district and to build new classrooms and other buildings to replace ninety portable buildings leased by the district. The measure was approved, with a 75% affirmative vote.

The district issued its first series of bonds under the 1998 measure (Series A) for \$40 million in February 1999. The district issued a second series (Series B) in May 2001 worth \$46.7 million and a third and final series of bonds in October 2003 in the amount of \$8 million. The district refinanced almost all of its outstanding bonds (\$89.3 million) in June 2006. This refunding resulted in a net gain of \$10.9 million which was used to modernize the Bullis-Purissima School (now called Gardner Bullis School). The impact on taxpayers of each of these bond issuances is expected to average \$55 per \$100,000 of assessed valuation (AV), not to exceed \$60 per \$100,000 AV. Prior to these issuances, the district had no outstanding debt. The district maintains excellent credit ratings, receiving an Aa1 rating from Moody's Investors Service and an AA+ rating from Standard & Poor's.

Another bond measure was placed before voters in November 2014. Voters approved this \$150 million authorization with the measure securing 57.4% "yes" votes (of the 55% needed for passage). The school board has commissioned a facilities master plan committee to make recommendations regarding how best to use bond proceeds. Per the ballot language, the proceeds are intended to be used to

address facility needs due to enrollment growth and to make improvements to existing facilities. The district recently consummated the purchase of an additional school site to address enrollment growth issues—for now and in the future.

The bonds represent a general obligation of the district. The Board of Supervisors of the County of Santa Clara is empowered and obligated to levy ad valorem taxes without limitation as to rate or amount, for the payment of the interest on and principal of the bonds, upon all property subject to taxation by the district (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County in the district's Bond Interest and Redemption Fund, which is required to be maintained by the County and used solely for the repayment of the bonds and interest thereon when due.

Financial Information

Internal and Budgetary Controls

The district maintains internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use and disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes the importance of a close evaluation of costs and benefits which requires estimates and judgments by management. The objective is to secure efficient internal control, the cost of which must not exceed the benefits derived therefrom. We believe that the district's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

School districts in California are required by *Education Code* Section 41010 to follow the California School Accounting Manual in preparing reports to the State. The district, under Assembly Bill 1200 (Chapter 1213, Statutes of 1991), utilizes a single-adoption budget schedule. The district adopts a Final Budget prior to the state-mandated July 1 deadline.

Expenditures cannot legally exceed appropriations by major object classification, namely certificated salaries, classified salaries, employee benefits, books and supplies, services and other operating expenditures, capital outlay, debt service, other outgo, direct support/indirect costs, and operating transfers out. *Education Code* 42600 specifies that school districts may not spend more than the amounts authorized in the Final Budget as adjusted during the school year. The school board reviews and approves (or disapproves) all purchase orders and other expenditures on a regular basis, but no less frequently than once every month.

Encumbrance accounting is utilized to assure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding also lapse at that time.

Per Board Policy 3100 "the district's current-year budget and multi-year projections shall include adequate provisions for addressing the district's long-term financial obligations, including, but not limited to, long-term obligations resulting from collective bargaining agreements, financing of facilities projects, unfunded or future liability for retiree benefits, and accrued workers' compensation claims."

Fiscal Policies

One of the district's core values is small, neighborhood schools. The district has developed target school sizes and attempts to limit the enrollment at any one school from exceeding 600 students. The target sizes are—small school (280–330 students), medium school (400–440 students), and large school (530–580 students). In FY2020 no schools had an enrollment exceeding 600 students, one school (Gardner Bullis) had an enrollment within the small school target range, and the remaining schools fell into the medium or large school categories or between them.

At the same time the district also values small class sizes. The district staffed its K–3 classes at a 22:1 student-to-teacher ratio, its grade 4–6 classes at a 25:1 ratio, and its junior high (grades 7–8) at a 26:1 ratio. With no school assistant principals and a lean district office management staff the district prides itself on committing resources to where it matters most—to the classroom. The district employs half the number of administrators permitted under state guidelines.

Decentralized Budgeting. The district practices decentralized budgeting in order to "create greater responsiveness to student needs, to improve instruction, to bring decisions on programs closer to those who are directly responsible and concerned with the education of students, to increase staff participation in budget decisions, to make the most efficient and effective use of available funds, and to develop greater responsiveness to community and neighborhood needs" (excerpt from District's Budget Development Guidelines). Linked to decentralized budgeting the district permits unspent program manager funds to be carried forward into the following year.

Independent Audit

Education Code Section 41020 provides that each school district shall arrange for an audit by certified public accountants of its books and accounts, including the district's income by source of funds and expenditures by object and program. The district's contract auditor for the fiscal year ended June 30, 2020 is Chavan & Associates, LLP.

Awards

ASBO

The Association of School Business Officials (ASBO) International awarded its Certificate of Excellence in Financial Reporting to Los Altos School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the sixteenth consecutive year that the district has received this prestigious award. Receiving this award is recognition that the district has met the highest standards of excellence in financial reporting as adopted by ASBO. The award is granted after intensive review by an expert panel of certified public accountants and practicing school business officials. The district believes that this year's Comprehensive Annual Financial Report, which will be submitted to ASBO for review, will also conform to these high standards. The district has also received the ASBO Meritorious Budget Award every year for the last twenty years.

GFOA

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Los Altos School District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

Copies of both the ASBO and GFOA award certificates are shown on the following pages.

Acknowledgements

We wish to express our appreciation to Kim Ginelli (Fiscal Services Specialist), the staff of the District Business Office, and Sheldon Chavan (managing partner) and the staff at Chavan & Associates, LLP for their work in preparing this report.

Respectfully submitted,



Jeffrey C. Baier
Superintendent



Randall A. Kenyon, Jr.
Assistant Superintendent, Business Services

Awards

ASBO Certificate of Excellence in Financial Reporting

For the Fiscal Year Ended June 30, 2019



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Los Altos School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



Claire Hertz, SFO
President

David J. Lewis
Executive Director

GFOA Certificate of Achievement for Excellence in Financial Reporting

For the Fiscal Year Ended June 30, 2019



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Los Altos School District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

District Organization

Los Altos School District was founded in 1909. Board members and central and site administrators are listed below.

Board of Trustees

Mrs. Vaishali Sirkay
President
Term expires 2022

Mr. Vladimir Ivanovic
Member
Term expires 2022

Mr. Steven Taglio
Vice-President
Term expires 2024

Mr. Bryan Johnson
Member
Term expires 2022

Ms. Jessica Speiser
Clerk
Term expires 2024

District Administration

Mr. Jeffrey Baier
Superintendent

Mr. Randall Kenyon
Assistant Superintendent, Business Services

Mrs. Sandra McGonagle
Assistant Superintendent, Curriculum & Instruction

Mrs. Jennifer Keicher
Director of Special Education

Ms. Erin Green
Director of Student & Staff Services

Schools and School Principals

Elementary (K–6)

Almond School
Mrs. Raquel Matteroli

Oak School
Mrs. Kimberly Attell

Covington School
Mr. Wade Spenader

Santa Rita School
Mr. Gregory Land

Gardner Bullis School
Ms. Nadia Oskolkoff

Springer School
Mrs. Denise Khalid

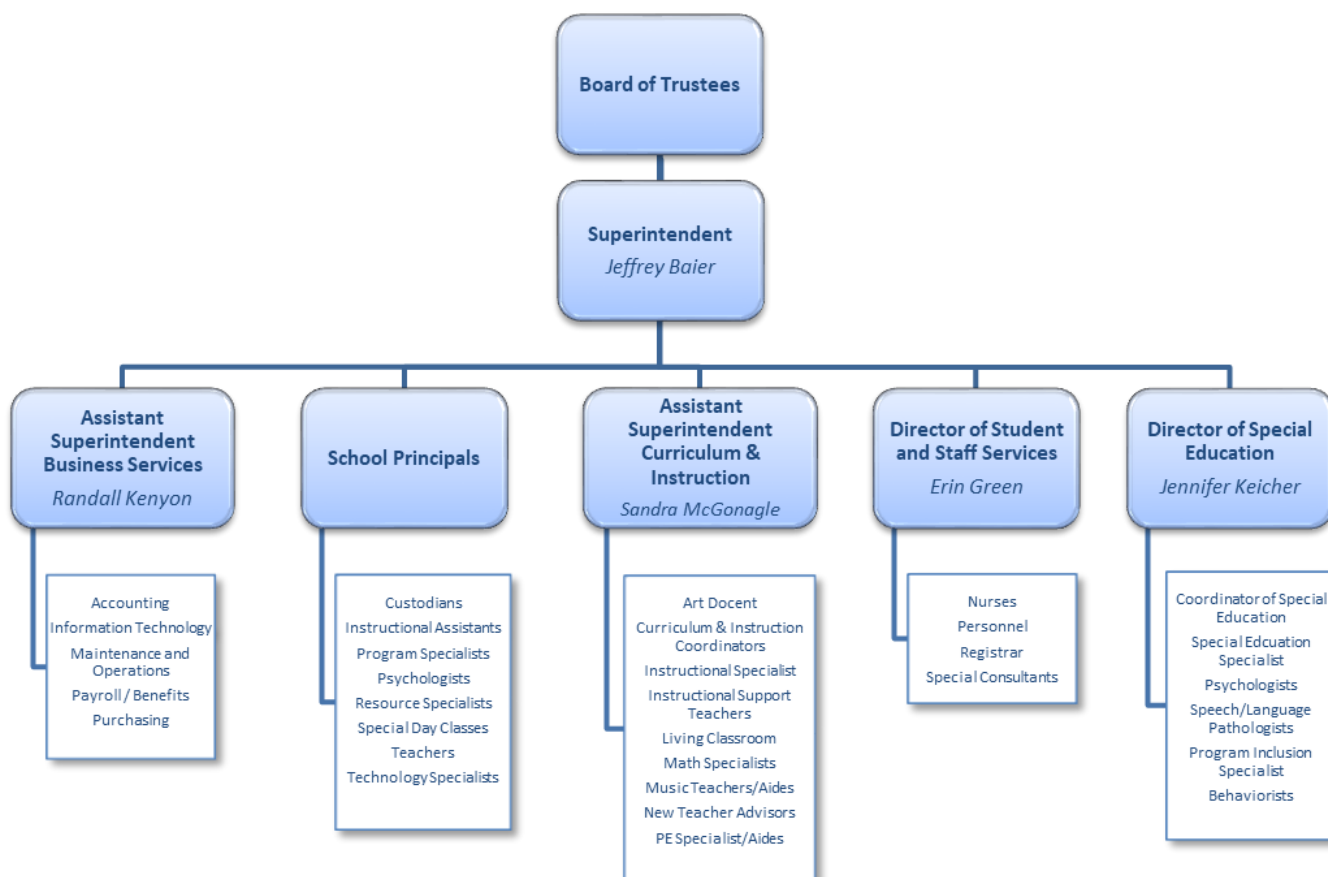
Loyola School
Mr. Richard Julian

Intermediate (7–8)

Blach School
Mrs. Bhavna Narula

Egan School
Mr. Keith Rocha

Los Altos School District Organizational Chart: 2019–20



Financial Section

Independent Auditor's Report



Chavan and Associates, LLP
Certified Public Accountants

The Honorable Board of Trustees
Los Altos School District
Los Altos, 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 Los Altos School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of CalPERS pension contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension contributions, schedule of STRS proportionate share of net pension liability, and schedule of changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section; budgetary comparison information; combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; fiduciary funds statement; statistical section; schedule of average daily attendance; schedule of instructional time offered; schedule of financial trends and analysis; schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the reconciliation of the Annual Financial and Budget Report to the audited financial statements, as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, fiduciary funds statement, schedule of average daily attendance, schedule of instructional time offered, the schedule of expenditures of federal awards, and the reconciliation of the Annual Financial Budget report to the audited financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, combining and individual nonmajor fund financial statements, fiduciary funds statement, schedule of average daily attendance, schedule of instructional time offered, and the schedule of expenditures of federal awards, and the reconciliation of the Annual Financial Budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the budgetary comparison information, the statistical section, and the schedule of financial trends and analysis have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

March 25, 2021
San Jose, California

Management's Discussion & Analysis

The discussion and analysis of Los Altos School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020 ("FY 2020"). The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements along with the notes to these statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for FY 2020 are as follows:

- At year-end the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$4.5 million (net position), an increase of \$23.1 million in total net position over FY 2019.
- General revenues (property taxes and unrestricted revenue) accounted for \$75.3 million or 71% of all revenues. Program specific revenues in the form of charges for services, and operating and capital grants and contributions accounted for \$31.4 million or 29% of total revenues of approximately \$106.7 million. Total revenues were approximately \$23 million more than expenses, contributing to the change in net position from the prior year.
- The District's \$83.6 million in expenses were offset by \$31.4 million of program specific charges for services, grants, or contributions. The balance, \$52.2 million, was offset by general revenues.
- The District has four major funds—the General Fund, the Building Fund, the Capital Facilities Fund, and the Bond Interest and Redemption Fund.
 - At the end of FY 2020, the fund balance of the General Fund, including the Special Reserve Funds as required by GASB 54, was \$8.0 million. Of this total, \$7.3 million was unassigned. General reserves were 11.21% of general fund outgo. The General Fund had \$68.2 million in revenues and transfers in, and \$64.7 million in expenditures and transfers out, resulting in an increase in fund balance of \$3.5 million from the prior year.
 - Building Fund revenues and expenditures can vary significantly from one year to the next. The ending fund balance in FY 2020 of \$18.9 million is \$18.1 million more than in the prior year. This increase is due to this issuance of general obligation bonds and bond anticipation notes that were used in the purchase of a new school site in FY 2020.
 - The FY 2020 ending balance of the Capital Facilities Fund was \$489,478 a decrease of \$430,893 from the prior year.
 - Due to premiums received from bond issuance the fund balance of the Bond Interest and Redemption Fund grew from \$11.6 million to \$16.3 million.

Using the Annual Report

This annual financial report contains, in addition to this Management Discussion and Analysis, the District's basic financial statements and supplementary information. These three sections together provide a comprehensive overview of the District's finances. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operation in more detail. These fund financial statements comprise the remaining statements.

Notes to the financials, which follow the basic financial statements, provide more detailed data and explain some of the information in the statements. The supplementary information sections provide further explanations and additional support for the financial statements, including a comparison of the District's budget to actual revenues and expenditures for the year.

Additional elements of this report include sections on State and Federal Award Compliance, Other Independent Auditor's Reports, and Findings and Recommendations as well as a Statistical Section.

Overview of the Financial Statements

Government-wide Financial Statements—Statement of Net Position and the Statement of Activities

While this document contains specific information on the many funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during the previous year?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting recognizes all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

The government-wide financial statements can be found on pages 12–13 of this report.

Fund Financial Statements

The analysis of the District’s major funds begins on page 14. Fund financial reports provide detailed information about the District’s major funds. The District uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds and not the District as a whole. The District’s major governmental funds are the General Fund, the Building Fund, the Capital Facilities Fund, and the Bond Interest and Redemption Fund.

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

Fiduciary Funds. The District is the trustee, or fiduciary, for student body funds. All of the District’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 18. We exclude these activities from the District’s other financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found starting on page 19 of this report.

Government-wide Financial Analysis

As stated earlier the Statement of Net Position and the Statement of Activities provide a financial glimpse of the District as a whole. “Table 1: Summary of Net Position” provides a summary of the District’s net position for FY 2020 as contained in the Statement of Net Position and compares that information to FY 2019.

As the table shows, our total net position as of June 30, 2020 was a surplus of \$4.5 million, an increase in net position from the prior year of \$23.1 million. This is largely due to capital contributions of \$23 million.

The District’s net investment in capital assets was \$64.2 million. The District uses capital assets to provide services; consequently, these assets are usually not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves usually are not used to liquidate the debt.

Approximately \$6.8 million of the District's net position represents resources subject to external restrictions on how they may be used. These assets are either restricted for future spending or set aside to pay debt service on general obligation bonds. \$369,479 is required to be spent on specific federal and state programs—funds carried over into the next fiscal year. \$489,478 by state law, can only be spent on capital projects and site repairs. \$5.8 million is set aside for debt service payments in the subsequent fiscal year.

Table 1: Summary of Net Position

	June 30, 2019	June 30, 2020	Change	Percentage Change
Assets				
Current and Other Assets	\$ 20,044,318	\$ 65,493,755	\$ 45,449,437	227%
Capital Assets	89,045,541	221,076,448	132,030,907	148%
Total Assets	\$ 109,089,859	\$ 286,570,203	\$ 177,480,344	163%
Deferred Outflows of Resources				
	\$ 22,094,579	\$ 19,321,134	\$ (2,773,445)	-13%
Liabilities				
Other Liabilities	\$ 2,665,639	\$ 22,680,079	\$ 20,014,440	751%
Long-Term Liabilities	141,558,936	269,006,215	127,447,279	90%
Total Liabilities	\$ 144,224,575	\$ 291,686,294	\$ 147,461,719	102%
Deferred Inflows of Resources				
	\$ 5,549,865	\$ 9,680,588	\$ 4,130,723	74%
Net Position				
Net Investment in Capital Assets	\$ 37,623,977	\$ 64,225,229	\$ 26,601,252	71%
Restricted	7,726,718	6,825,216	(901,502)	-12%
Unrestricted	(63,940,697)	(66,525,990)	(2,585,293)	-4%
Total Net Position	\$ (18,590,002)	\$ 4,524,455	\$ 23,114,457	124%

In comparing FY 2020 to the prior year we note the following:

- Current and other assets increased by \$45.4 million, which is mostly due to receiving bond proceeds and premiums of 150.2 million and the acquisition of land held for resale for \$20 million.
- A net increase in capital assets is the result of the \$134.8 million in capital asset additions, net of \$2.7 million in depreciation expense.
- Long-term liabilities increased by \$127.4 million, primarily due to the issuance of \$65 million in general obligation bonds and \$79 million in bond anticipation notes. Under GASB 68 and GASB 75, the net pension liabilities recorded in FY 2020 increased by \$578,000 and total OPEB liabilities decreased by \$2.0 million. For more information on pension and OPEB liabilities, see Note 11 and Note 12, respectively, in the "Notes to the Basic Financial Statements" section.
- Other liabilities in FY 2020 increased primarily due to unearned revenue related to the aforementioned land held for resale for \$20 million.
- Of our total net position, net investment in capital assets increased by \$26.6 million mainly due to the capital asset additions in FY 2020.
- Our unrestricted net position decreased by \$2.6 million mainly due to the increase in long term liabilities.

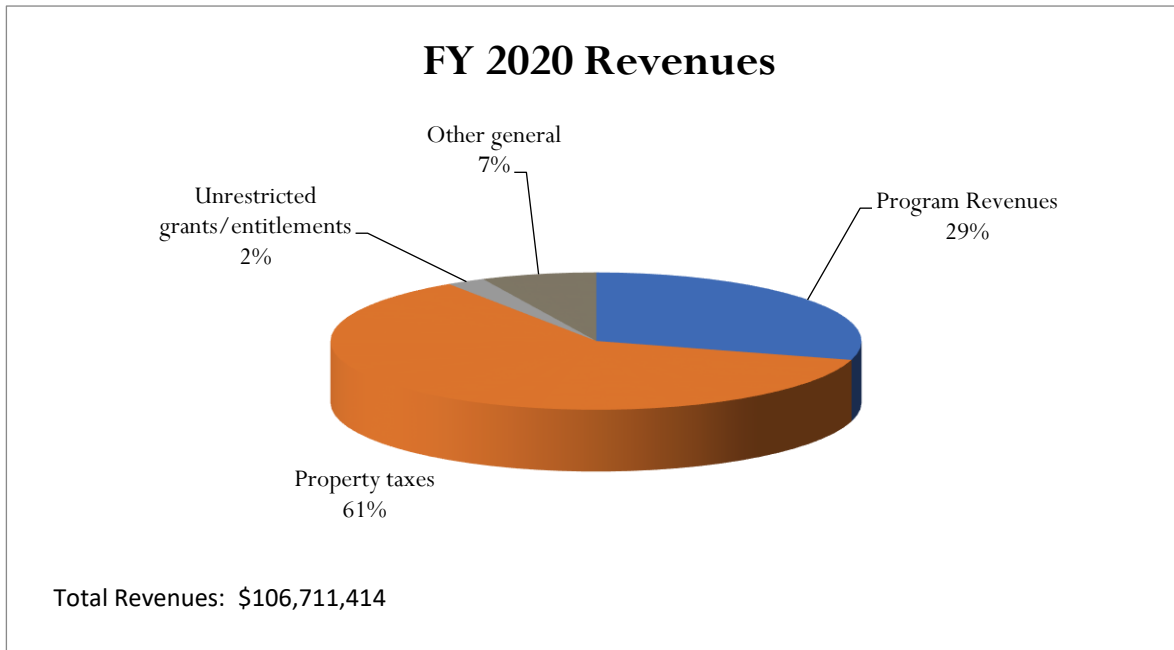
“Table 2: Change in Net Position” reflects data extracted from the Statement of Activities and shows the changes in net position from FY 2019 to FY 2020.

Table 2: Change in Net Position				
	June 30, 2019	June 30, 2020	Change	Percentage Change
Revenues				
Program Revenues:				
Charges for Services	\$ -	\$ 446,710	\$ 446,710	100%
Operating Grants and Contributions	10,052,323	7,968,769	(2,083,554)	-21%
Capital Grants and Contributions	-	23,000,000	23,000,000	100%
General Revenues:				
Property Taxes	63,216,247	65,285,688	2,069,441	3%
Grants and Entitlements - Unrestricted	3,933,401	2,511,734	(1,421,667)	-36%
Other	7,347,728	7,498,513	150,785	2%
Total Revenues	84,549,699	106,711,414	22,161,715	26%
Program Expenses				
Instruction	52,349,163	54,025,994	1,676,831	3%
Support Services:				
Instruction-related services	7,219,873	7,282,281	62,408	1%
Pupil services	4,381,022	4,334,692	(46,330)	-1%
General administration	4,658,051	4,519,337	(138,714)	-3%
Plant services	8,526,753	8,569,628	42,875	1%
Payments to other agencies	-	7,036	7,036	100%
Interest and Fiscal Charges	2,893,333	4,857,989	1,964,656	68%
Total Expenses	80,028,195	83,596,957	3,568,762	4%
Change in Net Position	4,521,504	23,114,457	18,592,953	411%
Beginning Net Position	(23,111,506)	(18,590,002)	4,521,504	20%
Ending Net Position	\$ (18,590,002)	\$ 4,524,455	\$ 23,114,457	124%

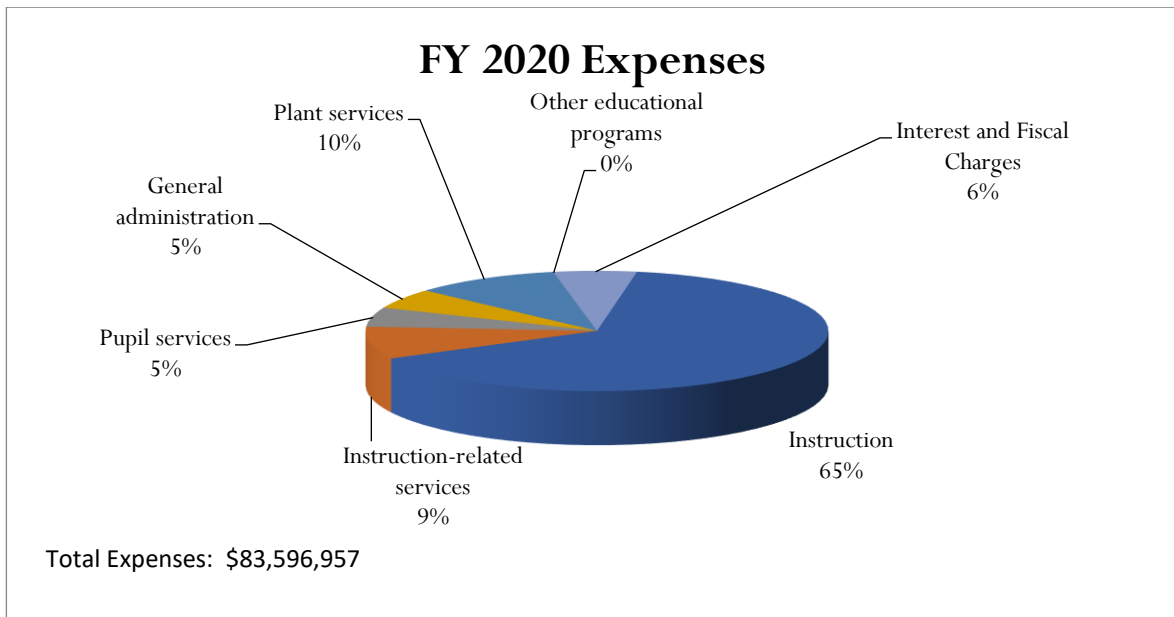
The most significant changes resulted from the following:

- Property tax collections were higher due to an increase in property assessed valuations.
- Grants and entitlements were lower in FY2020 due to one-time funding in the prior year.
- As part of a joint use agreement, regarding the new school site, the District received a contribution of \$23 million from the City of Mountain View. This agreement and purchase are further discussed in Note 13.
- Expenditures on instruction and instruction related services increased in FY 2020 largely due to a 2% salary increase for teachers and improvements made to some instructional facilities.
- Interest and fiscal charges increased as a result of the costs of issuance of bond anticipation notes on general obligation bonds in FY 2020 and increased debt service.

District programs for FY 2020 cost \$83.6 million. To support those programs the District garnered \$31.4 million in program revenues. The balance of support came from property taxes and other general revenues. Since property tax collections amounted to \$65.3 million, the District's dependence upon tax revenues is apparent. The chart below shows FY 2020 revenues by category.



Instruction comprises 65% of District expenses. Support service expenses make up 30% of the total, with the balance being interest and fiscal charges. The accompanying chart displays FY 2020 expenses by category.



Governmental Activities

The Statement of Activities on page 13 shows the cost of program services and the charges for services and grants offsetting those services. “Table 3: Net Cost of Services” extracts information from the Statement of Activities and compares the net cost of services from one year to the next. It identifies the cost of those services supported by tax revenue and unrestricted state entitlements. The net cost of services decreased by \$17.8 million largely due to the \$23 million contribution from the City of Mountain View referenced earlier offset by an overall increase in spending.

Table 3: Net Cost of Services				
	Net Cost of Services for the Fiscal Year Ended June 30, 2019	Net Cost of Services for the Fiscal Year Ended June 30, 2020	Change	Percentage Change
Instruction	\$ 43,345,309	\$ 24,008,344	\$ (19,336,965)	-45%
Support Services:				
Instruction-related services	6,608,564	6,681,271	72,707	1%
Pupil services	4,033,498	4,019,853	(13,645)	0%
General administration	4,568,746	4,444,973	(123,773)	-3%
Plant services	8,526,422	8,162,012	(364,410)	-4%
Payments to other agencies	-	7,036	7,036	100%
Interest and Fiscal Charges	2,893,333	4,857,989	1,964,656	68%
Total Expenses	\$ 69,975,872	\$ 52,181,478	\$ (17,794,394)	-25%

The expense categories shown in Table 3 are summarized below.

- “Instruction” expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.
- “Instruction-related services” and “pupil services” include the activities involved with assisting staff with the content and process of teaching to pupils, as well as direct non-instructional services to students (including health, library, transportation, and other services).
- “General administration” costs include expenses associated with the administrative and financial supervision of the District.
- “Plant services” involve keeping the school grounds, buildings, and equipment in good working condition.
- “Other educational programs” reflects the cost of in-district students attending charter schools outside the District.
- “Interest and fiscal charges” involve the transactions associated with the payment of interest and other charges related to debt of the District.

Financial Analysis of the District’s Funds

The District’s governmental funds report a combined fund balance of \$44.0 million, an increase of \$25.9 million from the prior year. “Table 4: Governmental Fund Balances” provides an analysis of the District’s fund balances and the total change in fund balances from the prior year.

Table 4: Governmental Fund Balances				
Fund	Fund Balance June 30, 2019	Fund Balance June 30, 2020	Increase (Decrease)	Percentage Change
General	\$ 4,543,523	\$ 8,034,178	\$ 3,490,655	77%
Building	885,558	18,947,006	18,061,448	2040%
Bond Interest & Redemption	11,606,454	16,341,500	4,735,046	41%
Deferred Maintenance	184,149	194,521	10,372	6%
Capital Facilities	920,371	489,478	(430,893)	-47%
Total	\$ 18,140,055	\$ 44,006,683	\$ 25,866,628	143%

The following information helps explain the changes from the prior year.

- General Fund reserves increased primarily as a result of increased property tax revenues and lower staff costs due to an enrollment decline.
- The increase in fund balance for the Building Fund resulted from the issuance of general obligation bonds and bond anticipation notes to finance the purchase of real property.
- The Bond Interest and Redemption Fund is used to repay bonded indebtedness. The fund balance will fluctuate depending on the debt repayment schedule.
- The Deferred Maintenance fund balance will fluctuate depending on expenditures for site repairs.
- The decrease in the Capital Facilities Fund is the result of decreased developer fees from prior year.

General Fund Budgetary Highlights

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

During the course of the 2020 fiscal year the District amended its General Fund budget numerous times, resulting in changes to revenue and expenditure estimates. Expenditure appropriation adjustments were made to reflect actual staffing, salary changes for professional growth credit earned by teachers, changes in the cost of contracted services, and the spending of one-time grants carried forward from the prior year.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. In early June the District made its final appropriations adjustments to match expected revenue and expenditure totals as closely as possible. The only significant variation from final expense appropriations in the General Fund was a \$700,000 adjustment to STRS on-behalf payments which is offset by an equal adjustment in revenues.

Capital Assets and Long-term Liabilities

Capital Assets

At the end of the fiscal year, the District had \$221.1 million invested in land, buildings, and equipment (including computer equipment, furniture, and vehicles). "Table 5: Capital Assets" shows FY 2020 balances as compared to the prior year.

Capital outlay during the fiscal year included the purchase of land. For more information see the Notes to the Basic Financial Statements (Note 13; page 44).

Table 5: Capital Assets

	June 30, 2019	June 30, 2020	Increase (Decrease)	Percentage Change
Land	\$ 1,488,885	\$ 136,262,476	\$ 134,773,591	9052%
Site improvements	1,225,056	1,225,056	-	0%
Buildings and improvements	129,573,748	130,339,280	765,532	1%
Equipment	4,636,939	3,871,407	(765,532)	-17%
Total	136,924,628	271,698,219	134,773,591	98%
<i>Less: Accumulated Depreciation</i>	<i>47,879,087</i>	<i>50,621,771</i>	<i>2,742,684</i>	<i>6%</i>
Net Capital Assets	\$ 89,045,541	\$ 221,076,448	\$ 132,030,907	148%

Long Term Liabilities

As of June 30, 2020, the District had \$269 million in long-term obligations. A large amount of this total is debt service on general obligation bonds bond anticipation notes issued by the District to purchase a new school site and finance its construction and modernization program. The District's long-term liabilities also include \$65.1 million for pension obligations, which represents the District's share of CalPERS and STRS liabilities. Other postemployment benefit obligations (OPEB) totaled \$16.9 million, which represents application of GASB 75, starting in FY 2020. \$559,008 of long term obligations is the amount of compensated absences liability recorded by the District at year end, an increase of \$116,936 from the prior year.

“Table 6: Long Term Liabilities” shows the District’s outstanding debt as of June 30, 2020 as well as comparable data for the prior year. A more detailed discussion is included in the Notes to the Financial Statements (Note 7) starting on page 31.

State law limits the amount of general obligation debt an elementary school district may issue to 1.25% of its total assessed valuation. The debt limitation for the District as of June 30, 2020 was \$321.9 million, which is \$226.1 million greater than the District’s outstanding general obligation debt as of that date.

Table 6: Long-term Liabilities				
	June 30, 2019	June 30, 2020	Increase (Decrease)	Percentage Change
Long-term Debt:				
General obligation bonds:				
Current interest bonds	\$ 40,665,000	\$ 95,850,000	\$ 55,185,000	136%
Unamortized bond premium	4,596,243	9,376,755	4,780,512	104%
Bond anticipation notes	10,000,000	79,000,000	69,000,000	690%
Lease-leaseback obligations	2,405,645	2,185,036	(220,609)	-9%
Subtotal long-term debt	57,666,888	186,411,791	128,744,903	223%
Other Long-term Liabilities:				
Net pension liabilities	64,535,048	65,113,381	578,333	1%
Net OPEB obligation	18,914,928	16,922,035	(1,992,893)	-11%
Compensated absences	442,072	559,008	116,936	26%
Subtotal other long-term liabilities	83,892,048	82,594,424	(1,297,624)	-2%
Total Long-term Liabilities	\$ 141,558,936	\$ 269,006,215	\$ 127,447,279	90%

Factors Bearing on the District’s Future

- There is a great deal of uncertainty regarding the long-term impact of the COVID–19 pandemic.
- Housing turnover and significant increases in home prices continue to fuel growth in property tax collections.
- The charter school, which has enrolled over 1,000 District students, continues to impact District finances.
- Continued escalating insurance costs (health, workers compensation, property and liability, etc.) and competition for quality teachers both create additional potential financial burdens on the District.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Mr. Randall Kenyon, Assistant Superintendent for Business Services, Los Altos School District, 201 Covington Road, Los Altos, California 94024.

Basic Financial Statements

Los Altos School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash in county treasury	\$ 43,130,160
Cash in revolving fund	5,000
Accounts receivable	892,583
Due from grantor government	1,466,012
Land held for resale	20,000,000
Capital assets - net	221,076,448
Total Assets	<u>\$ 286,570,203</u>
Deferred Outflows of Resources	
Deferred loss on early retirement of long-term debt	\$ 1,236,811
OPEB adjustments	967,654
Pension adjustments	17,116,669
Total Deferred Outflows of Resources	<u>\$ 19,321,134</u>
Liabilities	
Accounts payable	\$ 1,437,230
Unearned revenue	20,049,842
Accrued interest	1,193,007
Long-term liabilities:	
Due within one year	19,204,219
Due after one year	249,801,996
Total long-term liabilities	269,006,215
Total Liabilities	<u>\$ 291,686,294</u>
Deferred Inflows of Resources	
OPEB adjustments	\$ 2,616,325
Pension adjustments	7,064,263
Total Deferred Inflows of Resources	<u>\$ 9,680,588</u>
Net Position	
Net investment in capital assets	\$ 64,225,229
Restricted for:	
Capital projects	489,478
Site repairs	194,521
Debt service	5,771,738
Educational programs	369,479
Unrestricted	(66,525,990)
Total Net Position	<u>\$ 4,524,455</u>

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

Los Altos School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
Instruction	\$ 54,025,994	\$ 419,345	\$ 6,598,305	\$ 23,000,000	\$ (24,008,344)
Instruction-related services:					
Supervision of instruction	2,447,950	8,575	412,056	-	(2,027,319)
Instruction library, media and technology	1,291,101	-	2,161	-	(1,288,940)
School site administration	3,543,230	-	178,218	-	(3,365,012)
Pupil services:					
Home-to-school transportation	269,277	-	-	-	(269,277)
Food services	163,971	-	-	-	(163,971)
All other pupil services	3,901,444	-	314,839	-	(3,586,605)
General administration:					
Data processing	843,402	-	-	-	(843,402)
All other general administration	3,675,935	-	74,364	-	(3,601,571)
Plant services	8,569,628	18,790	388,826	-	(8,162,012)
Payments to other agencies	7,036	-	-	-	(7,036)
Interest on long-term debt	4,857,989	-	-	-	(4,857,989)
Total governmental activities	<u>\$ 83,596,957</u>	<u>\$ 446,710</u>	<u>\$ 7,968,769</u>	<u>\$ 23,000,000</u>	<u>(52,181,478)</u>
General revenues:					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					51,921,838
Taxes levied for debt service					11,778,150
Taxes levied for other specific purposes					1,585,700
Federal and state aid not restricted to specific purposes					2,511,734
Interest and investment earnings					2,382,299
Miscellaneous					5,116,214
Total general revenues					<u>75,295,935</u>
Change in net position					<u>23,114,457</u>
Net position beginning					(18,590,002)
Net position ending					<u>\$ 4,524,455</u>

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

Los Altos School District
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash in county treasury	\$ 7,268,051	\$ 18,895,078	\$ 480,556	\$ 16,292,810	\$ 193,665	\$ 43,130,160
Cash in revolving fund	5,000	-	-	-	-	5,000
Accounts receivable	756,238	77,877	8,922	48,690	856	892,583
Due from grantor government	1,466,012	-	-	-	-	1,466,012
Land held for resale	-	20,000,000	-	-	-	20,000,000
Total Assets	\$ 9,495,301	\$ 38,972,955	\$ 489,478	\$ 16,341,500	\$ 194,521	\$ 65,493,755
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,411,281	\$ 25,949	\$ -	\$ -	\$ -	\$ 1,437,230
Unearned revenue	49,842	20,000,000	-	-	-	20,049,842
Total Liabilities	1,461,123	20,025,949	-	-	-	21,487,072
Fund balances:						
Nonspendable:						
Revolving fund	5,000	-	-	-	-	5,000
Restricted for:						
Educational programs	369,479	-	-	-	-	369,479
Debt service	-	-	-	16,341,500	-	16,341,500
Site Repairs	-	-	-	-	194,521	194,521
Capital Projects	-	18,947,006	489,478	-	-	19,436,484
Assigned for:						
Other Postemployment Benefits	13,815	-	-	-	-	13,815
Educational programs	391,492	-	-	-	-	391,492
Unassigned:						
Unappropriated	7,254,392	-	-	-	-	7,254,392
Total Fund Balances	8,034,178	18,947,006	489,478	16,341,500	194,521	44,006,683
Total Liabilities and Fund Balances	\$ 9,495,301	\$ 38,972,955	\$ 489,478	\$ 16,341,500	\$ 194,521	\$ 65,493,755

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

Los Altos School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds	\$	44,006,683
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Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets at cost	\$	271,698,219	
Accumulated depreciation		(50,621,771)	221,076,448

Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		17,116,669
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The differences from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(7,064,263)
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The differences between projected and actual amounts in OPEB plans are not included in the plans actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:

OPEB adjustments:			
Difference between actual and expected experience	\$	(2,455,419)	
Contributions subsequent to the measurement date		967,654	
Change in assumptions		(160,906)	(1,648,671)

Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(1,193,007)
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The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred outflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.		1,236,811
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation bonds	\$	95,850,000	
Unamortized bond premium		9,376,755	
Bond anticipation note		79,000,000	
Site lease purchase obligation		2,185,036	
Net pension liabilities		65,113,381	
Net OPEB obligation		16,922,035	
Compensated absences (vacation)		559,008	(269,006,215)

Net position - governmental activities	\$	4,524,455
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The notes to the basic financial statements are an integral part of this statement.

Los Altos School District
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
LCFF Sources	\$ 44,698,442	\$ -	\$ -	\$ -	\$ -	\$ 44,698,442
Federal revenue	1,063,634	-	-	-	-	1,063,634
Other state	4,866,360	-	-	26,813	-	4,893,173
Other local	17,555,513	24,735,914	452,607	11,901,474	3,790	54,649,298
Total revenues	68,183,949	24,735,914	452,607	11,928,287	3,790	105,304,547
Expenditures:						
Current						
Instruction	42,318,456	-	-	-	-	42,318,456
Instruction-related services:						
Supervision of instruction	2,440,200	-	-	-	-	2,440,200
Instruction library, media and technology	1,085,897	-	-	-	-	1,085,897
School site administration	3,357,343	-	-	-	-	3,357,343
Pupil services:						
Home-to-school transportation	269,277	-	-	-	-	269,277
Food services	163,176	-	-	-	-	163,176
All other pupil services	3,900,649	-	-	-	-	3,900,649
General administration:						
Data processing	838,459	-	-	-	-	838,459
All other general administration	3,619,563	-	-	-	-	3,619,563
Plant services	6,376,617	1,059,098	696,037	-	293,592	8,425,344
Payments to other agencies	7,036	-	-	-	-	7,036
Facilities acquisition and construction	13,409	138,949,330	187,463	-	-	139,150,202
Debt service:						
Principal	220,609	10,000,000	-	9,815,000	-	20,035,609
Interest and fees	82,603	1,176,464	-	2,755,021	-	4,014,088
Total expenditures	64,693,294	151,184,892	883,500	12,570,021	293,592	229,625,299
Excess (deficiency) of revenues over (under) expenditures	3,490,655	(126,448,978)	(430,893)	(641,734)	(289,802)	(124,320,752)
Other financing sources (uses):						
Transfers in	-	-	-	-	300,174	300,174
Transfers out	-	(300,174)	-	-	-	(300,174)
Proceeds from bond issuance	-	65,000,000	-	-	-	65,000,000
Premiums from bond issuance	-	810,600	-	5,376,780	-	6,187,380
Bond anticipation notes	-	79,000,000	-	-	-	79,000,000
Total other financing sources (uses)	-	144,510,426	-	5,376,780	300,174	150,187,380
Net changes in fund balances	3,490,655	18,061,448	(430,893)	4,735,046	10,372	25,866,628
Fund balances beginning	4,543,523	885,558	920,371	11,606,454	184,149	18,140,055
Fund balances ending	\$ 8,034,178	\$ 18,947,006	\$ 489,478	\$ 16,341,500	\$ 194,521	\$ 44,006,683

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

Los Altos School District
Reconciliation of the Governmental Funds Statement of
Revenues and Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental funds \$ 25,866,628

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital asset additions	\$ 134,773,591	
Less current year depreciation	<u>(2,742,684)</u>	132,030,907

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of site lease purchase obligations	\$ 220,609	
Proceeds from bond issuance	(65,000,000)	
Proceeds from bond premiums	(6,187,379)	
Proceeds from draw down of bond anticipation note	(79,000,000)	
Repayment of bond principal	<u>19,815,000</u>	(130,151,770)

Discounts and premiums related to bond issues are recorded as other financing sources and uses in the fund financial statements but are recorded as assets or liabilities and amortized over the life of the bond in the statement of net position:

Amortization of bond premium	\$ 1,406,867	
Amortization of deferred loss on early retirement of long-term debt	<u>(412,270)</u>	994,597

In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. (5,106,968)

In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. 29,630

In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned exceeded the amounts used by: (116,936)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (431,631)

Changes in net position of governmental activities \$ 23,114,457

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

Los Altos School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2020

	Student Body Agency Fund Total
Assets:	
Cash on hand and in banks	\$ 295,654
Total Assets	<u>\$ 295,654</u>
Liabilities	
Due to student groups	\$ 295,654
Total Liabilities	<u>\$ 295,654</u>

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

Notes to the Basic Financial Statements

Note 1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Los Altos 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 accounting principles generally accepted in the United States of America as prescribed by the U. S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District has evaluated whether any other entity should be included in these financial statements using criteria established by GASB. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

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

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

C. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus except for agency funds, which have no measurement focus. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for 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 grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflow of Resources and Deferred Inflow of Resources:

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the District's benefit plans liability reported in the Statement of Net Position.

Unearned Revenue:

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

Unavailable Revenue:

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

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as

expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and nonmajor governmental funds:

Major Governmental Funds:

- The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Building Fund* is used to account for proceeds from the sale or lease of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.
- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").
- The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

Non-major Governmental Funds:

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

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

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the two intermediate schools' student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the Bond Interest and Redemption Fund. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. A legally adopted budget is not required for the Bond Interest and Redemption Fund.

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

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

For the fiscal year ended June 30, 2020, expenditures within the General Fund, in two expenditure categories, exceeded budget by \$745,527 in total. Employee benefits exceeded budget because of unanticipated on-behalf payments for STRS from the state,

which is offset by revenue. Capital outlay exceeded budget by \$44,738 due to late in the year equipment purchases by PTAs. These purchases were offset by revenue from the PTAs. Expenditures within the Building Fund exceeded budget by \$1.2 million due to expenses incurred related to the purchase of a new school site. These expenses were unbudgeted but covered by the fund balance.

G. Encumbrances

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

H. Pensions

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

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

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

I. Other Postemployment Benefits Other Than Pensions (OPEB)

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

For this period, the following time frames were used:

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

J. Assets, Liabilities, and Equity

1. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

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

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

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

2. Fair Value Measurements

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

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

In determining this amount, three valuation techniques are available:

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

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

3. Inventories and Prepaid Expenditures

Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets. The District’s central warehouse inventory is valued at cost and consists of expendable supplies held for consumption. The District had no inventory in its warehouse by the end of the fiscal year ended June 30, 2020.

Prepaid Expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expenditure in the Statement of Net Position. The District did not report any prepaid expenditures for the fiscal year ended June 30, 2020.

4. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art, historical treasures, and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than at fair value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized, but are expensed as incurred.

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

Assets	Years
Site improvements	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Reprographics equipment	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

5. Compensated Absences

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

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

6. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid insurance costs, are expensed in the period incurred.

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

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 8% of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aid districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

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

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* fund balance includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of trustees.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Through Board Policy 3100 and Administrative Regulations (AR3100) the District delegated the authority to assign fund balance amounts to the Superintendent and Assistant Superintendent of Business Services.
- *Unassigned* fund balance includes positive amounts within the general fund that have not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve Fund for Other than Capital Outlay (Special Reserve Fund) and the Special Reserve Fund for Other Postemployment Benefits (OPEB Fund) with the General Fund. The Special Reserve Fund and the OPEB Fund do not meet the definition of a special revenue fund as defined by GASB 54, because these funds are not substantially composed of restricted or committed revenue sources.

8. Net Position

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

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

- *Debt Service* restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.
- *Educational Program* restrictions reflect the amounts to be expended for federal and state funded educational programs.
- *Unrestricted* net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

9. Local Control Funding Formula and Property Taxes

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

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

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

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

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

10. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the South Bay Area Schools Insurance Authority ("SBASIA") and the Santa Clara County School Insurance Group ("SCCSIG"), public entity risk pools currently operating as common risk management and insurance program. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The joint powers agreements (JPA) provide that the SBASIA and SCCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels. There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage in each of the past three years.

11. Interfund Transactions

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

12. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

13. Accounting Estimates

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

K. Upcoming Accounting and Reporting Changes

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

GASB issued Statement No. 87, *Leases*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

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

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

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

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021,

pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 92, Omnibus 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 93, Replacement of Interbank Offered Rates

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

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

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

Note 2. CASH AND INVESTMENTS

A. Summary of Deposits

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

Deposit or Investment	Carrying Amount	Fair Value	Investment Rating
Cash in county treasury investment pool	\$ 43,130,160	\$ 43,648,923	AA
Cash in revolving fund	5,000	5,000	n/a
Subtotal cash and investments	43,135,160	43,653,923	
Fiduciary funds cash	295,654	295,654	n/a
Total Cash and Investments	\$ 43,430,814	\$ 43,949,577	

B. Cash in banks and revolving funds

As of June 30, 2020, the bank balances of the District's accounts totaled \$310,912 of which \$60,912 was not covered by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC covers up to \$250,000 per bank.

C. Cash in County Treasury

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

D. Fair Value Measurements

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

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

The District has the following recurring fair value measurements as of June 30, 2020:

- Investments in the Santa Clara 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.

E. Policies and Practices

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

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

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 deposits with the Santa Clara County Investment Pool, which has a fair value of approximately \$5.28 billion. The amortized book value of the investment pool is \$5.22 billion. The average weighted maturity for this pool is 517 days. The District follows the County's interest rate risk policy but does not have a formal investment policy.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Clara County Investment Pool is governed by the County's general investment policy, which is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The County's investment policy limits all investments to the top three ratings issued by at least two of the nationally recognized statistical rating organizations (NRSRO). The investments within the County of Santa Clara Investment Pool are either not rated or rated as low as A1 by Moody's Investor Service. The District follows the County's credit risk policy but does not have a formal investment policy.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in

the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Custodial Credit Risk – Investments

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of the District's cash has been invested with the Santa Clara County Investment Pool and is governed by the County's general investment policy.

Concentration of Credit Risk

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

Note 3. ACCOUNTS RECEIVABLE

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

Receivables Categories	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Totals
Federal Government:						
Special education	\$ 878,149	\$ -	\$ -	\$ -	\$ -	\$ 878,149
Title III	14,434	-	-	-	-	14,434
State Government:						
Education Protection	206,544	-	-	-	-	206,544
Lottery	215,387	-	-	-	-	215,387
Special education	149,041	-	-	-	-	149,041
Interest	90,818	77,877	8,922	48,690	856	227,163
Transportation	115,750	-	-	-	-	115,750
Tenant Utilities	52,156	-	-	-	-	52,156
All other resources	499,971	-	-	-	-	499,971
Total Receivables	2,222,250	77,877	8,922	48,690	856	2,358,595
Less: Due from Other Governments	1,466,012	-	-	-	-	1,466,012
Accounts Receivable	\$ 756,238	\$ 77,877	\$ 8,922	\$ 48,690	\$ 856	\$ 892,583

Note 4. INTERFUND TRANSACTIONS

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

A. Interfund Receivables and Payables (Due to/from)

There were no interfund receivable or payable balances as of June 30, 2020.

B. Interfund Transfers in and out

Interfund transfers during the fiscal year ended June 30, 2020 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount
Nonmajor	Building Fund	\$ 300,174 ¹
Total Interfund Transfers		<u>\$ 300,174</u>

¹ To cover costs for deferred maintenance on district facilities.

Note 5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2020 were as follows:

Capital Asset Category	Balance June 30, 2019	Additions	Disposals	Adjustments & Reclassifications	Balance June 30, 2020
Non-Depreciable Capital Assets:					
Land	\$ 1,488,885	\$ 134,773,591	\$ -	\$ -	\$ 136,262,476
Subtotal non-depreciable capital assets	1,488,885	134,773,591	-	-	136,262,476
Depreciable Capital Assets:					
Site improvements	1,225,056	-	-	-	1,225,056
Buildings and improvements	129,573,748	-	-	765,532	130,339,280
Equipment	4,636,939	-	-	(765,532)	3,871,407
Subtotal depreciable capital assets	135,435,743	-	-	-	135,435,743
Less accumulated depreciation for:					
Site improvements	1,143,671	12,750	-	-	1,156,421
Buildings and improvements	44,642,216	2,621,121	-	-	47,263,337
Equipment	2,093,200	108,813	-	-	2,202,013
Total accumulated depreciation	47,879,087	2,742,684	-	-	50,621,771
Subtotal depreciable Capital asset - net depreciation	87,556,656	(2,742,684)	-	-	84,813,972
Capital Assets - Net	\$ 89,045,541	\$ 132,030,907	\$ -	\$ -	\$ 221,076,448

Depreciation expense was charged to governmental activities as follows:

Governmental Activities Depreciation Expense by Function	
Instruction	\$ 2,136,654
Supervision of instruction	7,750
Instruction library, media and technology	205,204
School site administration	185,887
Food services	795
All other pupil services	795
Data processing	4,943
All other general administration	56,372
Plant services	144,284
Total Depreciation Expense	\$ 2,742,684

In fiscal year 2020, the District finalized the purchase of a 10th school site. See Note 13 for more information.

Note 6. TAX AND REVENUE ANTICIPATION NOTES

The District issued \$15,000,000 of Series A tax and revenue anticipation notes dated July 24, 2019. The notes matured on June 30, 2020 and yield 1.07% interest. The notes were sold to supplement cash flow requirements. The TRAN was issued to supplement cash flow with a premium of \$127,350. The accrued interest expense of \$280,000 was paid in June of 2020. All TRAN series A payments are made from the General Fund.

The District issued \$15,000,000 of Series B tax and revenue anticipation notes dated July 24, 2019. The notes matured on June 30, 2020 and yield 1.16% interest. The Series B notes were issued to pay the District's General Obligation Bond Anticipation Notes, Subseries A, Subseries B and Subseries C, maturing on August 1, 2019, and the cost of eligible bond projects, with a premium of \$51,600. The accrued interest expense of \$79,375 was paid in June of 2020. All TRAN series B payments are made from the Building Fund.

The TRAN summary schedule of changes for the year ended June 30, 2020 was as follows:

Beginning balance	\$ -
Increases	30,000,000
Decreases	30,000,000
Ending Balance	\$ -

Note 7. LONG-TERM LIABILITIES**A. General Obligation Bonds****1. 2013 General Obligation Refunding Bonds**

On February 12, 2013, the District issued \$30.6 million in 2013 General Obligation Refunding Bonds with interest rates ranging from 3.0 percent to 5.0 percent to advance refund \$26 million of outstanding 2006 General Obligation Bonds, with interest rates ranging from 4.5 percent to 5.0 percent, referred to as the "Refunded Bonds." The net proceeds of \$31 million (after payment of \$288,000 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunded Bonds. As a result, the Refunded Bonds are considered to be defeased and the liability of those bonds has been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference of \$2.7 million between the reacquisition price and the net carrying value amount of the old debt. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged (amortized) to operations through fiscal year 2024 using the straight-line method. The District completed the advance refunding to obtain an economic gain (the difference between the present value of the old and new debt service payments) of \$2.6 million.

The 2013 General Obligation Refunding Bonds consist of Current Interest Bonds of \$25,455,000. Interest on the Current Interest Bonds is compounded semiannually and payable on each February 1 and August 1, commencing August 1, 2013. It bears interest rates ranging from 3.0% to 5.0%. The principal of the bonds is payable on August 1 of each year, with an initial principal payment on August 1, 2013, then commencing annually on August 1, 2017.

The annual debt service requirements of the 2013 General Obligation Refunding Bonds as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2021	4,290,000	511,650	4,801,650
2022	4,710,000	310,200	5,020,200
2023	5,115,000	113,700	5,228,700
2024	380,000	5,700	385,700
Total Debt Service	\$ 14,495,000	\$ 941,250	\$ 15,436,250

2. 2016 General Obligation Refunding Bonds

On July 7, 2016, the District issued \$32.55 million in 2016 General Obligation Refunding Bonds with interest rates ranging from 2.0 percent to 5.0 percent to advance refund \$36.15 million of all outstanding 2006 General Obligation Bonds, with interest rates ranging from 4.5 percent to 5.0 percent, referred to as the "Refunded Bonds." The net proceeds of \$36.38 million were transferred to U.S. Bank National Association, as paying agent for the 2006 Bonds, to be applied to the redemption of the 2006 Bonds on August 1, 2016, at a redemption price of the par amount of the 2006 Bonds plus accrued interest to the date of redemption. As a result, the Refunded Bonds are considered to be defeased and the liability of those bonds has been removed from the government-wide Statement of Net Position. The advance refunding resulted in a difference of \$315,000 between the reacquisition price and the net carrying value amount of the old debt.

The \$36.38 million net proceeds from the 2016 General Obligation Refunding Bonds included premiums of \$3.83 million, and \$232 thousand in underwriting fees and other issuance costs. Interest on the bonds is compounded semiannually and payable on each February 1 and August 1, commencing February 1, 2017. The principal of the bonds is payable on August 1 of each year, commencing on August 1, 2017.

The annual debt service requirements of the 2016 General Obligation Refunding Bonds as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2021	6,490,000	501,650	6,991,650
2022	7,105,000	197,300	7,302,300
2023	2,760,000	27,600	2,787,600
Total Debt Service	\$ 16,355,000	\$ 726,550	\$ 17,081,550

3. 2019 General Obligation Bonds

In September 2019, the District issued \$65 million in Series A-1 and A-1, General Obligation Bonds, to finance the acquisition of land and the construction, modernization and equipping of District sites and facilities, including redemption of the Series B TRANS noted above with interest rates of 1.87-4%. The net proceeds of \$58.36 million (after payment of \$453,249 in issuance costs and premiums of \$6,187,379) were deposited in the Measure N Building Fund. Interest is due semi-annually on February 1 and August 1, commencing February 1, 2020. Principal payments begin February 1, 2021 and are due annual thereafter until February 1, 2044. These September 2019 bonds were issued as part of the 2014 bond measure N program.

The annual debt service requirements of the 2019 General Obligation Bonds as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2021	6,500,000	2,209,016	8,709,016
2022	3,500,000	2,148,013	5,648,013
2023	2,000,000	2,053,830	4,053,830
2024	850,000	1,980,650	2,830,650
2025	1,000,000	1,923,650	2,923,650
2026-2030	6,865,000	8,844,050	15,709,050
2031-2035	10,955,000	7,281,350	18,236,350
2036-2040	15,830,000	5,308,150	21,138,150
2041-2045	17,500,000	1,812,400	19,312,400
Total Debt Service	\$ 65,000,000	\$ 33,561,109	\$ 98,561,109

B. General Obligation Bond Anticipation Notes

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations. In November of 2014, the District passed Measure N—a \$150 million general obligation bond measure.

In February 2016 the District was authorized to issue General Obligation Bond Anticipation Notes (BANS) with an aggregate maximum stated principal amount of \$50 million through Wells Fargo Bank, NA. The notes are payable solely from and secured by a pledge of general obligation bonds to be issued in accordance with Measure N. With the initial issuance, Wells Fargo Bank, the purchaser of the Notes, deposited \$120,000 in a special account to be held and maintained by U.S. Bank National Association, the Custodian and Disbursing Agent. The Custodian and Disbursing Agent will pay costs of issuance of the Notes as directed by the District.

On February 4, 2016, the District issued its first \$5 million in BANS. The net proceeds of \$4.88 million, after issuance costs of \$120,000, were deposited in the Measure N Building Fund. The BANS bear interest at 1.52% and matured on August 1, 2019. Interest on the BANS is payable on February 1, 2017 and semiannually thereafter on the first day of February and August in each year until the maturity date. The BANS were fully paid off as of June 30, 2020.

On November 23, 2016, the District issued \$2.5 million in BANS, which were deposited in the Measure N Building Fund. The BANS bear interest at 1.90% and matured on August 1, 2019. Interest on the BANS is payable on February 1, 2018 and semiannually thereafter on the first day of February and August in each year until the maturity date. The BANS were fully paid off as of June 30, 2020.

On June 28, 2018, the District issued \$2.5 million in BANS, which were deposited in the Measure N Building Fund. The BANS bear interest at 3.13% and matured on August 1, 2019. Interest on the BANS is payable on February 1, 2019 and at the maturity date. The BANS were fully paid off as of June 30, 2020.

In September 2019 the District used the remaining authorization from the November, 2014 Measure N to issue BANS with a stated principal amount of \$79 million. The notes are payable solely from and secured by a pledge of general obligation bonds to be issued in accordance with Measure N. The net proceeds of \$78.64 million, after issuance costs of \$357,350, were deposited in the Measure N Building Fund. The BANS bear interest at 2.86% for \$19 million maturing August 1, 2022 and 2.143% for \$60 million maturing August 1, 2023. Interest on the BANS is payable on February 1, 2020 and semiannually thereafter on the first day of February and August in each year until the maturity date.

As of June 30, 2020, the District had \$79 million in BANS outstanding, leaving \$6 million available under this authorization.

C. Lease-Leaseback Transactions

In July 2007, the District entered into a lease-leaseback agreement in which the Gardner Bullis School site, located on 25890 Fremont Road, Los Altos Hills, California, (owned by the District) was leased to a third party for a \$2,165,000 advance and subsequently leased back to the District pursuant to a 20-year operating lease. The District retained ownership of the underlying land and, therefore, accounted for the transaction under the deposit method of accounting as a lease purchase.

In October 2008, the District entered into a lease-leaseback agreement in which a site in Los Altos Hills, California, (owned by the District) was leased to a third party for a \$2,025,000 advance and subsequently leased back to the District pursuant to a 20-year operating lease. The District retained ownership of the underlying land and, therefore, accounted for the transaction under the deposit method of accounting as a lease purchase.

The principal and interest payments on the lease are payable twice a year and began in July of 2008 and end in November of 2028. The following is a schedule of the future minimum lease payments required under the lease:

Year Ending June 30,	Principal	Interest	Total Payment
2021	\$ 231,257	\$ 101,545	\$ 332,802
2022	242,419	90,384	332,803
2023	254,121	78,682	332,803
2024	266,386	66,417	332,803
2025	279,244	53,558	332,802
2026-2028	911,609	107,981	1,019,590
Total Lease Payable	\$ 2,185,036	\$ 498,567	\$ 2,683,603

D. Schedule of Changes in Long-term Liabilities

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2020, is shown below:

Long-term Liabilities	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
General Obligation Bonds:					
Current Interest Bonds	\$ 40,665,000	\$ 65,000,000	\$ 9,815,000	\$ 95,850,000	\$ 17,280,000
Unamortized bond premium	4,596,243	6,187,379	1,406,867	9,376,755	1,406,868
Total General Obligation Bonds	45,261,243	71,187,379	11,221,867	105,226,755	18,686,868
Bond anticipation notes - direct borrowing	10,000,000	79,000,000	10,000,000	79,000,000	-
Lease-leaseback obligations	2,405,645	-	220,609	2,185,036	231,257
Net pension liabilities	64,535,048	22,480,116	21,901,783	65,113,381	-
Net postemployment benefits	18,914,928	2,451,853	4,444,746	16,922,035	-
Compensated Absences	442,072	403,030	286,094	559,008	286,094
Total Long-term Liabilities	\$ 141,558,936	\$ 175,522,378	\$ 48,075,099	\$ 269,006,215	\$ 19,204,219

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund using local revenues. Compensated absences, net pension liabilities and net postemployment benefits are paid by the General Fund. Lease payments also are made from the General Fund. Bond anticipation note payments are paid by the Building Fund.

Note 8. OPERATING LEASES

The District has entered into various operating leases for portables, building space and office equipment with lease terms in excess of one year. None of the agreements contain purchase options. All of the agreements contain termination clauses providing for lease cancellation after written notice is provided to the lessors. However, it is unlikely that the District will cancel any of the agreements before the expiration date. It is expected that in the normal course of business most of these leases will be replaced by similar leases. None of the leases have been sublet. The rent expense for the fiscal year ended June 30, 2020 was \$2,248,166. The annual minimum lease payments for each of the next three years are as follows:

Year Ending June 30,	Amount Due
2021	77,560
2022	6,912
Total Operating Leases	\$ 84,472

Note 9. JOINT POWERS AGREEMENTS

The District participates in four joint powers agreement ("JPA") entities: the South Bay Area Schools Insurance Authority ("SBASIA"), the Santa Clara County Schools Insurance Group ("SCCSIG"), Community Health Awareness Council ("CHAC"), and the Silicon Valley Joint Powers Transportation Agency ("SVJPTA"). A board consisting of a representative from each member district governs each JPA. The governing boards control the operation of the JPAs independent of any influence by the District beyond the District's representation on the governing board. Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and each JPA is such that each JPA is not a component unit of the District for financial reporting purposes.

The following is the summary of coverage provided by each JPA, and each JPA's most recent financial statement information:

	Risk Management		Other	
	SBASIA	SCCSIG	SVJPTA	CHAC
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2020
Total Assets and Deferred Outflows	\$ 6,963,096	\$ 26,364,294	\$ 2,701,832	\$ 5,517,548
Total Liabilities and Deferred Inflows	5,096,301	9,346,784	2,393,988	663,598
Total Equity	1,866,795	17,017,510	307,844	4,853,950
Total Revenues	5,158,680	38,047,294	6,062,293	4,068,363
Total Expenditures	4,654,170	36,444,878	6,156,885	4,133,149
SBASIA provides property and liability insurance coverage.				
SCCSIG provides worker's compensation insurance.				
SVJPTA provides transportation services to students with disabilities.				
CHAC provides treatment services and prevention & intervention counseling services				

Note 10. COMMITMENTS AND CONTINGENCIES

A. Litigation

Various claims involving the District are currently outstanding. However, management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

B. Federal and State Allowances, Award, and Grants

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

C. Early Retirement

The board of education has adopted an early retirement incentive program. The District has entered into contracts with certain eligible employees whereby 20 service days per year will be performed during the future five-year period or age 65, whichever comes first, for a stipulated yearly amount plus employee benefits. The outstanding contract amount for this purpose is \$174,358. This amount is contingent upon the employees performing the required service days per year.

Note 11. EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2020 the District reported total pension liability, fiduciary net position, net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for CalPERS and CalSTRS as follows:

Pension Plan	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS	\$ 69,638,320	\$ 48,779,779	\$ 20,858,541	\$ 5,236,950	\$ 226,804	\$ 4,714,345
CalSTRS	161,297,220	117,042,380	44,254,840	11,879,719	6,837,459	6,304,761
Total	\$ 230,935,540	\$ 165,822,159	\$ 65,113,381	\$ 17,116,669	\$ 7,064,263	\$ 11,019,106

A. California Public Employees Retirement System (CalPERS/PERS) Pension Plan**General Information about the PERS Pension Plan**

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

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

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

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

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

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CalPERS		
Employer Contributions	\$	2,038,118

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

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

Proportionate Share of Net Pension Liability/(Asset)		
CalPERS	\$	20,858,541

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

CalPERS	
Proportion - June 30, 2019	0.06969%
Proportion - June 30, 2020	0.07157%
Change - Increase/(Decrease)	0.00188%

For the year ended June 30, 2020, the District recognized pension expense of \$4,714,345 for the Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CalPERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 992,931	\$ -
Differences between Expected and Actual Experience	1,515,167	-
Differences between Projected and Actual Investment Earnings	-	193,467
Differences between Employer's Contributions and Proportionate Share of Contributions	-	33,337
Change in Employer's Proportion	690,733	-
Pension Contributions Made Subsequent to Measurement Date	2,038,118	-
Total	\$ 5,236,949	\$ 226,804

The District reported \$2,038,188 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalPERS
2021	\$ 2,077,048
2022	530,272
2023	285,461
2024	79,246
Total	\$ 2,972,027

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)
(1) Varies by age and service	
(2) Net of pension plan investment expenses, including inflation	
(3) Derived using CalPERS' membership data for all funds	

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2019 based on June 30, 2018 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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 Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

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

CalPERS		
1% Decrease		6.15%
Net Pension Liability	\$	30,066,215
Current		7.15%
Net Pension Liability	\$	20,858,541
1% Increase		8.15%
Net Pension Liability	\$	13,220,139

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

B. California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

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

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

CalSTRS	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	17.100%	17.100%
Required State contribution rates	10.328%	10.328%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method. For the year ended June 30, 2020 the District's contributions were as follows:

	CalSTRS
Employer Contributions	\$ 4,324,019
State Contributions	3,363,769
Total	\$ 7,687,788

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

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

	Proportionate Share of Net Pension Liability/(Asset)
District	\$ 44,254,840
State	24,144,113
Total	\$ 68,398,953

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 9.124 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional \$844,910 as required by SB90. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

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

	CalSTRS
Proportion - June 30, 2019	0.05000%
Proportion - June 30, 2020	0.04900%
Change - Increase/(Decrease)	-0.00100%

For the year ended June 30, 2020, the District recognized pension expense of \$6,304,761 for the Plan, of which, a total of \$3,363,769 came from state contributions.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CalSTRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 5,597,270	\$ -
Differences between Expected and Actual Experience	111,720	1,247,050
Differences between Projected and Actual Investment Earnings	-	1,704,710
Differences between Employer's Contributions and Proportionate Share of Contributions	92,764	1,026,756
Change in Employer's Proportion	1,753,946	2,408,943
Pension Contributions Made Subsequent to Measurement Date	4,324,019	-
Total	\$ 11,879,719	\$ 6,387,459

The District reported \$4,324,019 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalSTRS
2021	\$ 657,511
2022	(524,369)
2023	362,674
2024	1,255,099
2025	(175,563)
Thereafter	(407,111)
Total	\$ 1,168,241

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)
(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB	
(2) Net of investment expense but gross of administrative expenses.	
(3) Based on 110% of the MP-2016 Ultimate Projection	

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

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

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

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

CalSTRS		
1% Decrease		6.10%
Net Pension Liability	\$	65,899,120
Current		7.10%
Net Pension Liability	\$	44,254,840
1% Increase		8.10%
Net Pension Liability	\$	26,307,610

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

Note 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The Los Altos School District Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the District. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the District, its management employees, and unions representing District employees.

Benefits

The District provides retiree medical benefits through the California Public Employees' Retirement System healthcare program (PEMHCA). The eligibility requirements and benefits payable are as follows:

Certificated employees hired prior to October 1988 who retire after age 55 with at least 10 years of service are entitled to 100% (95% if retired after June 30, 2006) of the full medical premium for any CalPERS medical plan except PERS Care. Certificated employees hired after September 1988 who retire after age 50 with at least 35 years of service will be paid the PEMHCA minimum benefit. No benefits are paid to dependent spouses.

Classified employees hired prior to November 1988 who retire after age 55 with at least 10 years of service are entitled to 100% (95% if retired after June 30, 2012) of the full medical premium for any CalPERS medical plan except PERS Care. Classified employees hired after October 1988 who retire after age 50 with at least 35 years of service will be paid the PEMHCA minimum benefit. No benefits are paid to dependent spouses.

Management employees hired prior to July 1989 and **confidential employees** hired prior to November 1988 who retire after age 55 with at least 10 years of service (including 5 years of District service) are entitled to 100% (95% if retired after June 30, 2006) of the full medical premium for any CalPERS medical plan except PERS Care, plus dental coverage. All other management and confidential employees who retire after age 50 with at least 35 years of service will be paid the PEMHCA minimum benefit. Dental benefits are also payable if hired before July 1989 and retired before May 2009. Dependent spouses are also covered.

Employees Covered by Benefit Terms

As of June 30, 2018, (the valuation date), the benefit terms covered the following employees:

Active employees	500
Inactive employees	166
Total employees	666

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were \$967,654. Total benefit payments included in the measurement period were \$860,767. The actuarially determined contribution for the measurement period was \$1,332,295. The District's contributions were 2.29% of covered payroll during the measurement period June 30, 2019 (reporting period June 30, 2020). Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

Actuarial Assumptions

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

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry-Age Method, with
Amortization Period:	20 years
Actuarial Assumptions:	
Discount Rate	2.79%
Inflation	2.75%
Payroll Increases	3.0 %, including inflation
Healthcare Trend Rate	4.50%
Mortality	Mortality rates were taken from the 2017 CalPERS OPEB Assumptions Model
Retirement	Mortality rates were taken from the 2017 CalPERS OPEB Assumptions Model

Discount Rate

Since the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate. The District has chosen to use the "S&P Municipal Bond 20 Year High Grade Rate Index" as its 20-year bond rate. That Index was 2.79% at June 30, 2019.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019 (measurement date) and was determined by an actuarial valuation as of June 30, 2018 (valuation date) for the fiscal year ended June 30, 2020 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability during the fiscal year ended June 30, 2020, for the measurement date of June 30, 2019:

Fiscal Year Ended June 30, 2020 (Measurement Date June 30, 2019)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019	\$ 18,914,928	\$ -	\$ 18,914,928
Service cost	486,193	-	486,193
Interest in Total OPEB Liability	550,839	-	550,839
Balance of diff between actual and exp experience	(2,588,866)	-	(2,588,866)
Balance of changes in assumptions	419,708	-	419,708
Benefit payments	(860,767)	-	(860,767)
Net changes	(1,992,893)	-	(1,992,893)
Balance at June 30, 2020	\$ 16,922,035	\$ -	\$ 16,922,035
Covered Employee Payroll	\$ 37,568,658		
Total OPEB Liability as a % of Covered Employee Payroll	45.04%		
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%		
Service Cost as a % of Covered Employee Payroll	1.29%		
Net OPEB Liability as a % of Covered Employee Payroll	45.04%		

The District's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 2,455,419
Change in assumptions	-	160,906
OPEB contribution subsequent to measurement date	967,654	-
Totals	\$ 967,654	\$ 2,616,325

Of the total amount reported as deferred outflows of resources related to OPEB, \$967,654 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ending June 30, 2021.

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

Year Ended June 30,	
2021	\$ (145,774)
2022	(145,774)
2023	(145,774)
2024	(145,774)
2025	(145,774)
Thereafter	(1,887,455)
Total	\$ (2,616,325)

OPEB Expense

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

Service cost	\$ 486,193
Interest in TOL	550,839
Difference between actual and expected experience	(133,447)
Change in assumptions	(12,328)
OPEB Expense	\$ 891,258

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

Total OPEB liability ending	\$ 16,922,035
Total OPEB liability beginning	(18,914,928)
Change in total OPEB liability	(1,992,893)
Changes in deferred outflows	2,455,419
Changes in deferred inflows	(432,035)
Employer contributions and implicit subsidy	860,767
OPEB Expense	\$ 891,258

Sensitivity to Changes in the Discount Rate

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

	Municipal Bond Rate		
	(1% Decrease)	2.79%	(1% Increase)
Total OPEB Liability	\$ 19,460,325	\$ 16,922,035	\$ 14,856,256

Sensitivity to Changes in the Healthcare Cost Trend Rates

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

	Trend Rate		
	(1% Decrease)	4.50%	(1% Increase)
Total OPEB Liability	\$ 14,636,347	\$ 16,922,035	\$ 19,865,817

Note 13. SCHOOL SITE PURCHASE AND RELATED AGREEMENTS

On December 4, 2019 the District finalized a \$155 million purchase agreement for the acquisition of 11.696 acres of real property (the Campus) in Mountain View, CA for the construction of a new school. Funding for the purchase was done in collaboration with the City of Mountain View (the City). The agreement contains several provisions as summarized below:

The District and the City entered into a ninety-nine-year joint use agreement to cooperate in the development and operation of approximately 4 acres of the Campus. The Joint Use Area will include athletic fields, playground structures and recreation facilities, including a gym, to be used by the District and City. Any improvements and facilities shall be at the District's sole discretion. The gym is to be constructed as part of the school development project. Specific upgrades desired by the City shall be solely funded by the City. The City shall have use of the recreational facilities on all non-school days and during all non-school hours. As consideration for the City's use, it contributed \$23 million towards the acquisition of the Campus. If the District determines to not use the Campus for a new school site, the City shall receive 21% of the gross proceeds from the resulting sale. In the event the City is not able to utilize the Joint Use Area and Joint Use Recreational Facilities for the entire term of the agreement due to a breach of a material term by the District, then the City would be entitled to reimbursement of its contribution in proportion to the number of years it is not able to use the Joint Use Area and Joint Use Recreational Facilities.

In a separate property transfer agreement between the City and the District, executed on November 19, 2019, the City agreed to acquire 2 acres of the Campus for the purchase price of \$20 million. The City plans to use this Campus for an open space park to be designed, developed, and operated exclusively by the City. These funds were utilized in the acquisition of the Campus and are recorded as unearned revenue. The property value is recorded as land held for resale until the District has completed the planning and preparation activities detailed in the agreement and transferred land to the City. In the event the district is unable to transfer the title to the City as specified in the agreement, the District shall return the open space acquisition cost to the City.

As the District anticipates the new school facilities will not utilize the majority of the allowable building area of the Campus, the District and the City entered a memorandum of understanding to create a transferrable development rights program as a means of redistributing the unused floor to area ratio, in a mutually beneficial manner. This program is administered by the City and allows developers the ability to make contributions to the District in order to utilize the unused density rights from the undeveloped land. These rights allow developers to construct higher density projects in the Mountain View area than would not otherwise be allowed under the zoning codes. Such proceeds to the District are to be used towards the acquisition cost of the Campus. The District shall be responsible for identifying prospective buyers of transferrable development rights and negotiating the purchase prices.

On August 29th, 2019 the District entered a contribution agreement with a developer, in which the developer agreed to contribute \$4 million to the District for the purpose of supporting the District's acquisition of the Campus. The developer shall contribute these funds within two years of the effective date upon the District having met certain conditions. This amount has not been received and is not recognized as revenue due to the contingencies outlined in the agreement.

Located within the Campus is a shopping center known as the San Antonio Center (the Property). The District has entered into a management agreement with a property management company to manage operate and maintain the Property. At the time of the agreement, yearly cash flows from the leaseholds were estimated to be \$2.6M per year. The leases have definite terms with the final lease sunseting within three years of the transfer.

Note 14. COVID-19 PANDEMIC IMPACT

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

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

Note 15. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (the "Notes")

The District issued \$17,000,000 of tax and revenue anticipation notes dated July 27, 2020. The notes mature on July 15, 2021 and yield 2.0% interest. The notes were sold to supplement cash flow requirements. The principal and interest on the notes are payable in full by June 30, 2020.

Required Supplementary Information Section

Los Altos School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
LCFF sources	\$ 43,551,141	\$ 44,431,417	\$ 44,698,442	\$ 267,025
Federal revenues	1,155,694	1,161,843	1,063,634	(98,209)
Other state	3,417,200	4,126,582	4,866,360	739,778
Other local	16,408,403	16,031,533	17,555,513	1,523,980
Total revenues	64,532,438	65,751,375	68,183,949	2,432,574
Expenditures:				
Certificated salaries	25,965,289	26,418,208	26,151,575	266,633
Classified salaries	10,606,613	10,793,909	10,646,853	147,056
Employee benefits	16,904,699	17,307,354	18,008,143	(700,789)
Books and supplies	1,526,084	2,397,513	2,357,466	40,047
Services and other operating expenditures	8,453,291	8,039,584	7,349,019	690,565
Capital outlay	162,342	128,463	173,201	(44,738)
Other outgo	341,065	8,263	7,037	1,226
Total expenditures	63,959,383	65,093,294	64,693,294	400,000
Net changes in fund balance	573,055	658,081	3,490,655	2,832,574
Fund balances beginning	4,543,523	4,543,523	4,543,523	-
Fund balances ending	<u>\$ 5,116,578</u>	<u>\$ 5,201,604</u>	<u>\$ 8,034,178</u>	<u>\$ 2,832,574</u>

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. Employee benefits exceeded budget as noted above because of unanticipated onbehalf payments for STRS from the state, which is offset by revenue. The excess expenditures in capital outlay were due to late year PTA spending on equipment for schools, which were offset by revenue.

Los Altos School District
Required Supplementary Information
Schedule of CalPERS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2020

CalPERS	2015	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 883,649	\$ 924,129	\$ 1,171,418	\$ 1,408,100	\$ 1,791,217	\$ 2,038,118
Contributions in Relation to Contractually Required Contributions	883,649	924,129	1,171,418	1,408,100	1,791,217	2,038,118
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,507,000	\$ 7,800,532	\$ 8,434,749	\$ 9,066,383	\$ 9,917,047	\$ 10,334,760
Contributions as a % of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

Notes to Schedule:

Valuation Date: June 30, 2018

Assumptions Used: Entry Age Method used for Actuarial Cost Method

Level Percentage of Payroll and Direct Rate Smoothing

4 Years Remaining Amortization Period

Inflation Assumed at 2.5%

Investment Rate of Returns set at 7.15%

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

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

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

Los Altos School District
 Required Supplementary Information
 Schedule of CalPERS Proportionate Share of Net Pension Liability
 For the Fiscal Year Ended June 30, 2020

CalPERS	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.06520%	0.06530%	0.06523%	0.06621%	0.06969%	0.07157%
District's Proportionate Share of Net Pension Liability	\$ 7,401,788	\$ 9,625,746	\$ 12,882,222	\$ 15,806,074	\$ 18,581,548	\$ 20,858,541
District's Covered Payroll	\$ 6,857,805	\$ 7,507,000	\$ 7,800,532	\$ 8,434,749	\$ 9,066,383	\$ 9,917,047
District's Proportionate Share of NPL as a % of Covered Payroll	107.93%	128.22%	165.15%	187.39%	204.95%	210.33%
Plan's Fiduciary Net Position as a % of the TPL	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

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

Los Altos School District
Required Supplementary Information
Schedule of STRS Pension Plan Contributions
Fiscal Year

CalSTRS	2015	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 1,927,255	\$ 2,605,243	\$ 3,262,895	\$ 3,905,538	\$ 4,267,923	\$ 4,324,019
Contributions in Relation to Contractually Required Contributions	1,927,255	2,605,243	3,262,895	3,905,538	4,267,923	4,324,019
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 21,703,322	\$ 24,279,991	\$ 25,937,162	\$ 27,065,405	\$ 26,215,743	\$ 25,286,661
Contributions as a % of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%

Notes to Schedule:

Valuation Date: June 30, 2018

Assumptions Used: Entry Age Method used for Actuarial Cost Method

Level Percentage of Payroll Basis

7 Years Remaining Amortization Period

Inflation Assumed at 2.75%

Investment Rate of Returns set at 7.10%

Mortality tables are based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.

The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.

The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.

The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

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

Los Altos School District
Required Supplementary Information
Schedule of STRS Proportionate Share of Net Pension Liability
For the Fiscal Year Ended June 30, 2020

CalSTRS	2015	2016	2017	2018	2019	2020
District's Proportion of Net Pension Liability	0.05000%	0.04658%	0.04698%	0.04800%	0.05000%	0.04900%
District's Proportionate Share of Net Pension Liability	\$ 29,218,500	\$ 31,357,212	\$ 38,000,142	\$ 44,389,920	\$ 45,953,500	\$ 44,254,840
State's Proportionate Share of Net Pension Liability Associated with the District	17,643,299	16,584,516	21,632,721	26,260,633	26,310,676	24,144,113
Total	<u>\$ 46,861,799</u>	<u>\$ 47,941,728</u>	<u>\$ 59,632,863</u>	<u>\$ 70,650,553</u>	<u>\$ 72,264,176</u>	<u>\$ 68,398,953</u>
District's Covered Payroll	\$ 22,804,715	\$ 21,703,322	\$ 24,279,991	\$ 25,937,162	\$ 27,065,405	\$ 26,215,743
District's Proportionate Share of NPL as a % of Covered Payroll	128.12%	144.48%	156.51%	171.14%	169.79%	168.81%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.

The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.

The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.

The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

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

Los Altos School District
 Required Supplementary Information
 Schedule of Changes in Total OPEB Liability
 For the Fiscal Year Ended June 30, 2020

Fiscal Year Ended	2018	2019	2020
Total OPEB liability			
Service cost	\$ 497,104	\$ 451,198	\$ 486,193
Interest	522,442	566,148	550,839
Differences between expected and actual experience	-	-	(2,588,866)
Changes of assumptions	(1,046,760)	367,518	419,708
Benefit payments	(1,211,118)	(1,115,483)	(860,767)
Net change in Total OPEB Liability	(1,238,332)	269,381	(1,992,893)
Total OPEB Liability - beginning	19,883,879	18,645,547	18,914,928
Total OPEB Liability - ending	<u>\$ 18,645,547</u>	<u>\$ 18,914,928</u>	<u>\$ 16,922,035</u>
Plan fiduciary net position			
Net change in plan fiduciary net position	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 18,645,547	18,914,928	16,922,035
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 35,460,858	\$ 37,425,131	\$ 37,568,658
Net OPEB liability as a percentage of covered employee payroll	52.58%	50.54%	45.04%
Total OPEB liability as a percentage of covered employee payroll	52.58%	50.54%	45.04%

Other Notes

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

There were not changes in benefit terms.

The discount rate has been changed from 3.13% to 2.79% in fiscal year 2020.

The assumptions for retirement and mortality have been changed from the 2014

CalPERS assumptions to the 2017 CalPERS assumptions in fiscal year 2020.

The trend changed from a range to 4.5% to 5.5% to a single value of 4.5% in fiscal year 2020.

Notes to the Required Supplementary Information

Note 1. BUDGETARY COMPARISON SCHEDULE

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budget for the General Fund IS presented as Required Supplementary Information. The basis of budgeting is the same as GAAP and there were not expenditures in excess of appropriations during the year.

Note 2 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

These schedules present information on the District's portion of the Net Pension Liability of CalSTRS and the Net Pension Liability of CalPERS in compliance with GASB 68.

Note 3 SCHEDULES OF THE DISTRICT'S CONTRIBUTIONS

These schedules provide information about the District's required and actual contributions to CalSTRS and CalPERS.

Note 4 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

This schedule presents information on the District's changes in total OPEB liability in compliance with GASB 75.

Other Supplementary Information

Los Altos School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Building Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
Other local	\$ 333,180	\$ 1,009,599	\$ 24,735,914	\$ 23,726,315
Total revenues	333,180	1,009,599	24,735,914	23,726,315
Expenditures:				
Books and supplies	-	1,000	14,682	(13,682)
Services and other operating expenditures	318,666	1,835,365	2,373,481	(538,116)
Capital outlay	43,000	114,088,133	137,699,640	(23,611,507)
Debt Service	-	10,332,803	11,097,089	(764,286)
Total expenditures	361,666	126,257,301	151,184,892	(24,927,591)
Excess (deficiency) of revenues over (under) expenditures	(28,486)	(125,247,702)	(126,448,978)	(1,201,276)
Other financing sources (uses):				
Transfers out	-	(300,174)	(300,174)	-
Proceeds from bond issuances	-	65,000,000	65,000,000	-
Premiums from bond issuance	-	-	810,600	810,600
Bond anticipation notes	-	79,000,000	79,000,000	-
Total other financing sources (uses)	-	143,699,826	144,510,426	810,600
Net changes in fund balance	(28,486)	18,452,124	18,061,448	(390,676)
Fund balances beginning	885,558	885,558	885,558	-
Fund balances ending	<u>\$ 857,072</u>	<u>\$ 19,337,682</u>	<u>\$ 18,947,006</u>	<u>\$ (390,676)</u>

Los Altos School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Capital Facilities Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
Other local	\$ 910,000	\$ 415,000	\$ 452,607	\$ 37,607
Total revenues	910,000	415,000	452,607	37,607
Expenditures:				
Books and supplies	-	110,354	110,354	-
Services and other operating expenditures	1,109,808	1,202,746	772,746	430,000
Capital outlay	-	400	400	-
Total expenditures	1,109,808	1,313,500	883,500	430,000
Net changes in fund balance	(199,808)	(898,500)	(430,893)	467,607
Fund balances beginning	920,371	920,371	920,371	-
Fund balances ending	<u>\$ 720,563</u>	<u>\$ 21,871</u>	<u>\$ 489,478</u>	<u>\$ 467,607</u>

Los Altos School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Fund	
	Deferred Maintenance Fund	Total Nonmajor Governmental Funds
Assets		
Cash in county treasury	\$ 193,665	\$ 193,665
Accounts receivable	856	856
Total Assets	<u>\$ 194,521</u>	<u>\$ 194,521</u>
 Fund Balances:		
Restricted for site repairs	<u>\$ 194,521</u>	<u>\$ 194,521</u>
Total Fund Balances	<u>\$ 194,521</u>	<u>\$ 194,521</u>

Los Altos School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Special Revenue Fund	
	Deferred Maintenance Fund	Total Nonmajor Governmental Funds
Revenues:		
Other local	\$ 3,790	\$ 3,790
Total revenues	3,790	3,790
Expenditures:		
Current		
Plant services	293,592	293,592
Total expenditures	293,592	293,592
Excess (deficiency) of revenues over (under) expenditures	(289,802)	(289,802)
Other financing sources (uses):		
Transfers in	300,174	300,174
Total other financing sources (uses)	300,174	300,174
Net changes in fund balances	10,372	10,372
Fund balances beginning	184,149	184,149
Fund balances ending	\$ 194,521	\$ 194,521

Los Altos School District
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Governmental Funds
 Budget and Actual (GAAP)
 For the Fiscal Year Ended June 30, 2020

	Deferred Maintenance Fund		
	Budget	Actual	Variance Positive - (Negative)
Revenues:			
Other local	\$ 2,000	\$ 3,790	\$ 1,790
Total revenues	2,000	3,790	1,790
Expenditures:			
Services and other operating expenditures	375,000	293,592	81,408
Total expenditures	375,000	293,592	81,408
Excess (deficiency) of revenues over (under) expenditures	(373,000)	(289,802)	83,198
Other financing sources (uses):			
Transfers in	300,174	300,174	-
Total other financing sources (uses)	300,174	300,174	-
Changes in fund balances	(72,826)	10,372	83,198
Fund balances beginning	184,149	184,149	-
Fund balances ending	\$ 111,323	\$ 194,521	\$ 83,198

Los Altos School District
Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Balance as of June 30, 2019	Additions	Deletions	Balance as of June 30, 2020
Assets				
Cash on hand and in banks				
Egan Junior High School	\$ 296,465	\$ 285,160	\$ 391,100	\$ 190,525
Blach Junior High School	121,050	298,755	314,676	105,129
Total cash on hand and in banks	417,515	583,915	705,776	295,654
Total Assets	<u>\$ 417,515</u>	<u>\$ 583,915</u>	<u>\$ 705,776</u>	<u>\$ 295,654</u>
Liabilities				
Due to student groups				
Egan Junior High School	\$ 296,465	\$ 285,160	\$ 391,100	\$ 190,525
Blach Junior High School	121,050	298,755	314,676	105,129
Total due to student groups	417,515	583,915	705,776	295,654
Total Liabilities	<u>\$ 417,515</u>	<u>\$ 583,915</u>	<u>\$ 705,776</u>	<u>\$ 295,654</u>

Statistical Section

Statistical Section (Unaudited)

The Statistical Section presents information useful in giving the reader an overall understanding of the school district as well as an historical perspective regarding financial information in this report. Unless noted otherwise, historical data is presented for the most recent ten-year period. The information in this section helps the reader better understand the overall financial health of the district.

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

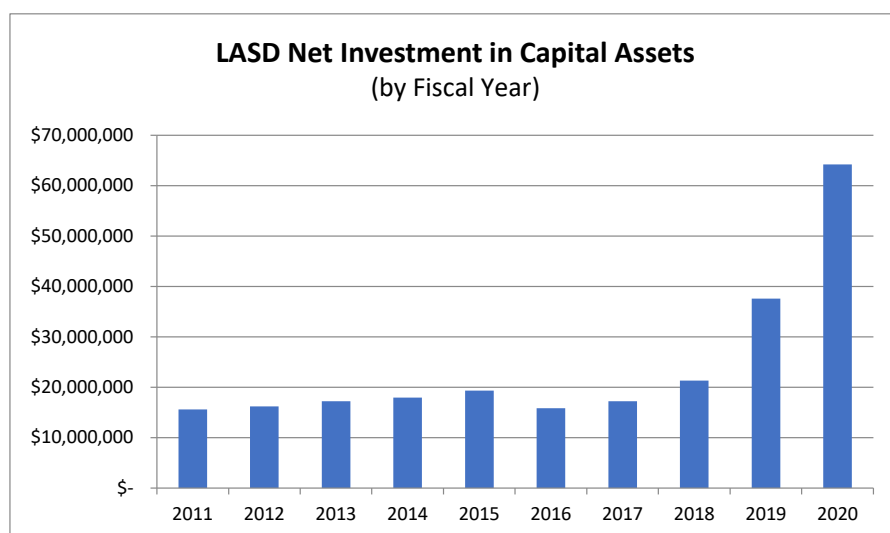
These schedules contain service and capital asset data to help the reader understand how the information in the financial report relates to the services the district provides and the activities it performs.

Net Position by Component

	Net Investment in							
Fiscal Year	Capital Assets		Restricted	Unrestricted	Total			
2011	\$	15,609,775	\$	7,798,583	\$	2,840,702	\$	26,249,060
2012		16,185,607		8,341,730		5,115,506		29,642,843
2013		17,213,754		9,670,623		4,614,955		31,499,332
2014		17,929,874		9,555,936		5,418,899		32,904,709
2015		19,311,607		9,661,405		(42,676,897)		(13,703,885)
2016		15,857,752		8,650,893		(32,936,226)		(8,427,581)
2017		17,219,436		10,708,359		(34,197,366)		(6,269,571)
2018		21,302,335		15,597,003		(60,010,844)		(23,111,506)
2019		37,623,977		7,542,569		(63,756,548)		(18,590,002)
2020		64,225,229		6,825,216		(66,525,990)		4,524,455

Note: The District's negative unrestricted net position resulted from the required implementation of GASB 68 in 2014-15 to record the District's share of net pension liabilities from the state's pension

Source: Data extracted from District Financial Statements.



Change in Net Position

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Expenses										
Governmental Activities										
Instruction	\$ 32,026,266	\$ 31,371,747	\$ 34,538,757	\$ 37,089,141	\$ 42,460,057	\$ 41,943,410	\$ 42,163,508	\$ 52,535,485	\$ 52,349,163	\$ 54,025,994
Instruction-related services	4,274,264	4,548,245	5,027,990	5,296,528	5,827,089	5,973,952	6,735,656	6,987,627	7,219,873	7,282,281
Pupil services	2,370,819	2,272,223	2,373,358	2,894,703	3,473,382	3,557,876	4,057,366	4,490,916	4,381,022	4,334,692
General administration	2,928,965	3,102,062	4,538,917	4,231,266	3,363,358	3,444,630	4,101,976	4,343,617	4,658,051	4,519,337
Plant services	5,214,914	4,917,999	5,570,161	6,267,501	7,252,941	7,481,528	8,634,495	8,594,969	8,526,753	8,569,628
Other educational programs	3,340	-	-	39,836	48,612	65,414	14,248	7,067	-	7,036
Interest and fiscal charges	5,743,858	6,082,101	6,173,670	6,115,387	6,161,083	4,118,938	5,007,437	3,458,455	2,893,333	4,857,989
Total Governmental Activities	<u>52,562,426</u>	<u>52,294,377</u>	<u>58,222,853</u>	<u>61,934,362</u>	<u>68,586,522</u>	<u>66,585,748</u>	<u>70,714,686</u>	<u>80,418,136</u>	<u>80,028,195</u>	<u>83,596,957</u>
Total Expenses	<u>52,562,426</u>	<u>52,294,377</u>	<u>58,222,853</u>	<u>61,934,362</u>	<u>68,586,522</u>	<u>66,585,748</u>	<u>70,714,686</u>	<u>80,418,136</u>	<u>80,028,195</u>	<u>83,596,957</u>
Revenues										
Program Revenues										
Charges for Services										
Pupil Services	565	1,752	-	-	-	-	-	-	-	446,710
Operating Grants and Contributions	4,946,391	4,068,933	5,146,749	5,644,639	5,479,170	6,395,658	6,002,866	7,278,355	10,052,323	7,968,769
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	23,000,000
Total Program Revenues	<u>4,946,956</u>	<u>4,070,685</u>	<u>5,146,749</u>	<u>5,644,639</u>	<u>5,479,170</u>	<u>6,395,658</u>	<u>6,002,866</u>	<u>7,278,355</u>	<u>10,052,323</u>	<u>31,415,479</u>
Net Revenue/(Expense)	<u>(47,615,470)</u>	<u>(48,223,692)</u>	<u>(53,076,104)</u>	<u>(56,289,723)</u>	<u>(63,107,352)</u>	<u>(60,190,090)</u>	<u>(64,711,820)</u>	<u>(73,139,781)</u>	<u>(69,975,872)</u>	<u>(52,181,478)</u>
General Revenues										
Property taxes	43,424,004	45,045,735	46,587,048	49,401,170	50,313,515	54,825,231	57,212,216	59,324,124	63,216,247	65,285,688
Grants and entitlements, unrestricted	560,790	1,410,300	2,143,635	3,042,298	2,649,964	4,869,613	3,410,102	3,595,525	3,933,401	2,511,734
Interest and investment earnings	160,518	49,473	36,907	117,682	100,612	148,538	1,310,060	1,405,666	1,455,234	2,382,299
Miscellaneous	<u>3,747,765</u>	<u>5,111,967</u>	<u>6,165,003</u>	<u>5,636,497</u>	<u>6,634,821</u>	<u>5,623,012</u>	<u>4,937,452</u>	<u>7,348,151</u>	<u>5,892,494</u>	<u>5,116,214</u>
Total General Revenues	<u>47,893,077</u>	<u>51,617,475</u>	<u>54,932,593</u>	<u>58,197,647</u>	<u>59,698,912</u>	<u>65,466,394</u>	<u>66,869,830</u>	<u>71,673,466</u>	<u>74,497,376</u>	<u>75,295,935</u>
Special Item - Loss on disposals										
Total General Revenues and special items										
Total Revenues	<u>\$ 52,840,033</u>	<u>\$ 55,688,160</u>	<u>\$ 60,079,342</u>	<u>\$ 63,842,286</u>	<u>\$ 65,178,082</u>	<u>\$ 71,862,052</u>	<u>\$ 72,872,696</u>	<u>\$ 78,951,821</u>	<u>\$ 84,549,699</u>	<u>\$ 106,711,414</u>
Prior Period Adjustment					(43,200,154)					
Change in Net Position	<u>\$ 277,607</u>	<u>\$ 3,393,783</u>	<u>\$ 1,856,489</u>	<u>\$ 1,907,924</u>	<u>\$ (46,608,594)</u>	<u>\$ 5,276,304</u>	<u>\$ 2,158,010</u>	<u>\$ (1,466,315)</u>	<u>\$ 4,521,504</u>	<u>\$ 23,114,457</u>

Source: Data extracted from District Financial Statements.

Note: The prior period adjustment in FY2015 resulted from the required implementation of GASB 68 in FY2015 to record the District's share of net pension liabilities from the state's pension systems (STRS and PERS).

Government-wide Expenses by Function, Total

Fiscal Year	Enrollment	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Other Educ. programs	Interest and Fiscal Charges	Total
2011	4,384	\$ 32,026,266	\$ 4,274,264	\$ 2,370,819	\$ 2,928,965	\$ 5,214,914	\$ 3,340	\$ 5,743,858	\$ 52,562,426
2012	4,477	31,371,747	4,548,245	2,272,223	3,102,062	4,917,999	-	6,082,101	52,294,377
2013	4,495	34,538,757	5,027,990	2,373,358	4,538,917	5,570,161	-	6,173,670	58,222,853
2014	4,543	37,089,141	5,296,528	2,894,703	4,231,266	6,267,501	39,836	6,115,387	61,934,362
2015	4,670	42,460,057	5,827,089	3,473,382	3,363,358	7,252,941	48,612	6,161,083	68,586,522
2016	4,636	41,943,410	5,973,952	3,557,876	3,444,630	7,481,528	65,414	4,118,938	66,585,748
2017	4,522	42,163,508	6,735,656	4,057,366	4,101,976	8,634,495	14,248	5,007,437	70,714,686
2018	4,400	52,535,485	6,987,627	4,490,916	4,343,617	8,594,969	7,067	3,458,455	80,418,136
2019	4,242	52,349,163	7,219,873	4,381,022	4,658,051	8,526,753	-	2,893,333	80,028,195
2020	3,996	54,025,994	7,282,281	4,334,692	4,519,337	8,569,628	7,036	4,857,989	83,596,957

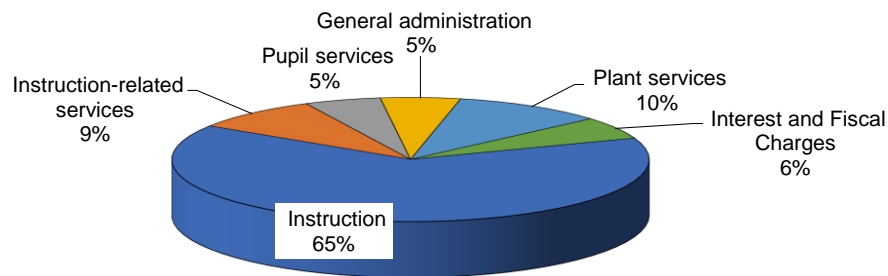
Source: District records.

Government-wide Expenses by Function, Per Student

Fiscal Year	Enrollment	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Other Educ. programs	Interest and Fiscal Charges	Total
2011	4,384	\$ 7,305	\$ 975	\$ 541	\$ 668	\$ 1,190	\$ 1	\$ 1,310	\$ 11,990
2012	4,477	7,007	1,016	508	693	1,099	-	1,359	11,681
2013	4,495	7,684	1,119	528	1,010	1,239	-	1,373	12,953
2014	4,543	8,164	1,166	637	931	1,380	9	1,346	13,633
2015	4,670	9,092	1,248	744	720	1,553	10	1,319	14,687
2016	4,636	9,047	1,289	767	743	1,614	14	888	14,363
2017	4,522	9,324	1,490	897	907	1,909	3	1,107	15,638
2018	4,400	11,940	1,588	1,021	987	1,953	2	786	18,277
2019	4,242	12,341	1,702	1,033	1,098	2,010	-	682	18,866
2020	3,996	13,520	1,822	1,085	1,131	2,145	2	1,216	20,920

Source: District records.

Government-wide Expenses, FY2020



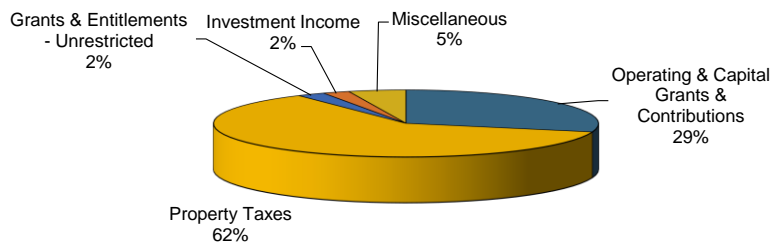
Total Expenses: \$83,596,957

Government-wide Revenues

Fiscal Year	Program Revenues		General Revenues				Total
	Charges for Services	Operating & Capital Grants & Contributions	Property Taxes	Grants & Entitlements - Unrestricted	Investment Income	Miscellaneous ⁽¹⁾	
2011	\$ 565	\$ 4,946,391	\$ 43,424,004	\$ 560,790	\$ 160,518	\$ 3,747,765	\$ 52,840,033
2012	1,752	4,068,933	45,045,735	1,410,300	49,473	5,111,967	55,688,160
2013	-	5,146,749	46,587,048	2,143,635	36,907	6,165,003	60,079,342
2014	-	5,644,639	49,401,170	3,042,298	117,682	5,636,497	63,842,286
2015	-	5,479,170	50,313,515	2,649,964	100,612	6,634,821	65,178,082
2016	-	6,395,658	54,825,231	4,869,613	148,538	5,623,012	71,862,052
2017	-	6,002,866	57,212,216	3,410,102	1,310,060	4,937,452	72,872,696
2018	-	7,278,355	59,324,124	3,595,525	1,405,666	7,348,151	78,951,821
2019	-	10,052,323	63,216,247	3,933,401	1,455,234	5,892,494	84,549,699
2020	446,710	30,968,769	65,285,688	2,511,734	2,382,299	5,116,214	106,711,414

Source: District records.

Government-wide Revenues, FY 2020



Total Revenues: \$106,711,414

General District Revenues by Source

Fiscal Year	LCFF/Revenue Limit Sources	Federal	Other State	Other Local	Other Financing Sources	Operating Transfers In	Total Revenues
2011	\$ 25,458,478	\$ 1,783,741	\$ 2,115,088	\$ 13,746,462	\$ -	\$ 1,364,462	\$ 44,468,231
2012	26,170,118	1,005,829	1,638,884	16,478,041	-	296,030	45,588,902
2013	28,210,728	1,051,413	1,648,022	17,934,018	-	728,553	49,572,735
2014	31,459,840	934,871	2,952,235	17,499,013	-	3,010,738	55,856,696
2015	31,730,727	1,003,227	1,494,816	18,184,092	-	258,372	52,671,234
2016	36,138,756	1,024,458	5,864,691	17,361,704	-	232,405	60,622,014
2017	37,978,938	1,105,381	3,796,451	17,015,519	-	82,010	59,978,300
2018	40,322,074	1,102,424	4,966,563	17,919,949	-	2,201,217	66,512,228
2019	42,639,884	1,180,670	6,527,708	18,990,229	-	300,000	69,638,490
2020	44,698,442	1,063,634	4,866,360	17,559,303	-	300,174	68,487,912

Funds included are General Fund and Special Revenue Funds.

Source: District records.

General District Expenditures & Other Uses by Object

Fiscal Year	Certificated Salaries	Classified Salaries	Employee Benefits	Books & Supplies	Services & Other Oper. Exp.	Capital Outlay	Debt Service	Other Outgo	Operating Transfers Out	Total Expenditures & Other Uses
2011	\$ 19,854,449	\$ 6,678,388	\$ 9,302,308	\$ 1,626,460	\$ 4,859,402	\$ 282,527	\$ 332,803	\$ 3,340	\$ 1,364,462	\$ 44,304,139
2012	19,793,946	6,407,793	9,412,924	1,745,635	4,825,270	202,185	332,803	-	296,030	43,016,585
2013	20,883,829	6,811,312	9,476,020	2,633,136	6,754,968	472,720	332,803	-	1,670,233	49,035,021
2014	23,132,798	7,235,259	9,930,036	2,628,155	7,018,003	275,412	332,803	39,836	3,656,938	54,249,238
2015	24,731,255	8,138,710	11,211,089	3,410,006	6,522,002	387,377	332,803	48,612	3,027,578	57,809,432
2016	24,846,783	8,307,382	13,444,409	2,486,192	6,954,484	403,518	332,803	65,414	1,557,405	58,398,390
2017	26,381,279	9,079,579	14,212,535	2,575,703	8,358,040	367,158	332,803	14,248	356,077	61,677,421
2018	27,457,334	9,967,796	15,915,618	2,829,074	9,394,738	138,154	332,803	7,067	2,228,521	68,271,106
2019	27,037,781	10,530,877	18,523,231	2,517,246	9,619,983	1,489,519	332,803	-	300,000	70,351,440
2020	26,151,573	10,646,854	18,008,143	2,357,464	7,642,615	173,201	-	7,036	-	64,986,886

Funds included are General Fund and Special Revenue Funds.

Source: District records.

General District Expenditures by Function

Fiscal Year	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Other Educ. Programs	Total
2011	\$ 28,816,638	\$ 3,863,397	\$ 2,368,534	\$ 2,869,932	\$ 4,525,211	\$ 495,965	\$ 42,939,677
2012	28,756,222	4,143,081	2,270,039	3,041,672	4,125,021	384,520	42,720,555
2013	30,697,145	4,639,631	2,371,174	4,479,175	4,727,200	450,463	47,364,788
2014	32,812,101	4,915,417	2,892,842	4,170,432	5,324,123	477,384	50,592,300
2015	36,111,389	5,451,992	3,471,903	3,302,912	5,982,527	461,132	54,781,854
2016	37,339,437	5,599,987	3,556,402	3,384,366	6,357,960	602,834	56,840,985
2017	38,840,666	6,365,007	4,055,907	4,042,247	7,452,501	565,017	61,321,344
2018	42,164,705	6,602,363	4,489,476	4,284,711	7,565,042	936,288	66,042,584
2019	44,542,024	6,725,398	4,354,986	4,516,845	9,225,120	687,069	70,051,440
2020	42,318,456	6,883,439	4,333,103	4,458,021	6,683,619	310,248	64,986,886

Source: District records.

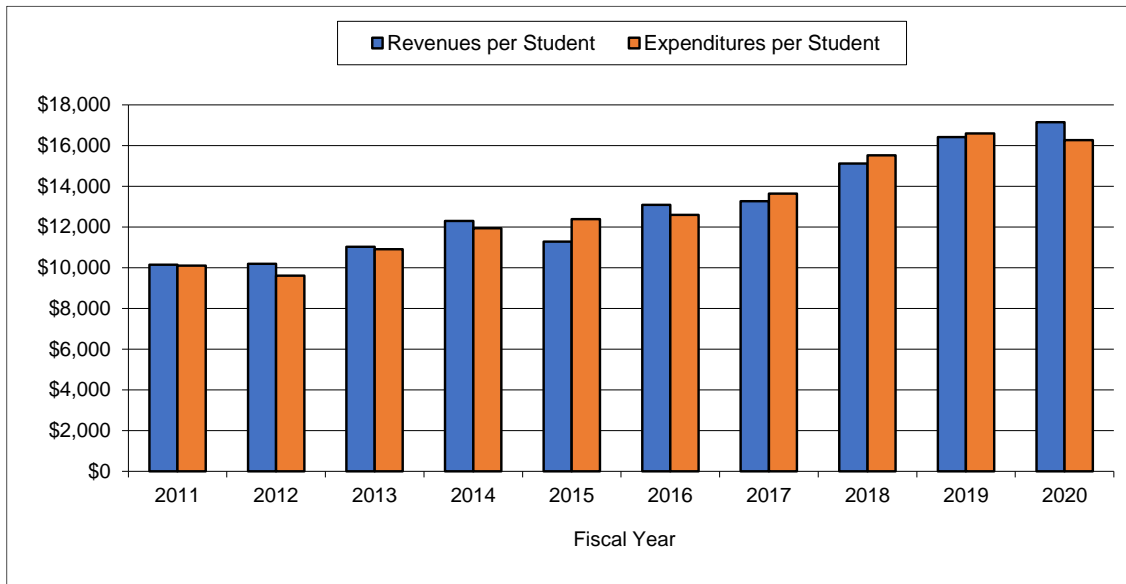
Note: Some figures above will vary from financial statements due to post-closing adjustment related to new Public Employee Retirement System accounting requirement.

General District Revenues and Expenditures, per Student

Fiscal Year	Total Revenues	Total Expenditures	Enrollment	Revenues per Student	Expenditures per Student
2011	\$ 44,468,231	\$ 44,304,139	4,384	\$ 10,143	\$ 10,106
2012	45,588,902	43,016,585	4,477	10,183	9,608
2013	49,572,735	49,035,021	4,495	11,028	10,909
2014	55,856,696	54,249,238	4,543	12,295	11,941
2015	52,671,234	57,809,432	4,670	11,279	12,379
2016	60,622,014	58,398,390	4,636	13,076	12,597
2017	59,978,300	61,677,421	4,522	13,264	13,639
2018	66,512,228	68,271,106	4,400	15,116	15,516
2019	69,638,490	70,351,440	4,242	16,416	16,584
2020	68,487,912	64,986,886	3,996	17,139	16,263

Funds included are General Fund and Special Revenue Funds. Expenditures include Operating Transfers Out.

Source: District records.



Fund Balances, Governmental Funds

General Fund									
Fiscal Year	Reserved	Unreserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2011	\$ -	\$ -	\$ 5,274	\$ 151,485	\$ -	\$ 1,797,472	\$ 5,435,873	\$ 7,390,105	
2012	-	-	5,274	234,730	-	2,512,277	7,034,726	9,787,007	
2013	-	-	5,000	621,845	-	2,263,956	7,361,995	10,252,796	
2014	-	-	5,000	938,055	-	6,147,551	4,907,962	11,998,568	
2015	-	-	5,000	369,600	-	5,703,756	855,785	6,934,141	
2016	-	-	5,000	370,396	-	3,504,965	5,373,125	9,253,486	
2017	-	-	5,000	241,499	-	3,421,932	3,957,816	7,626,247	
2018	-	-	5,000	848,850	-	3,446,859	974,913	5,275,622	
2019	-	-	5,000	373,363	-	278,377	3,886,783	4,543,524	
2020	-	-	5,000	369,479	-	405,307	7,254,391	8,034,178	

All Other Governmental Funds									
Fiscal Year	Reserved	Unreserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2011	\$ -	\$ -	\$ -	\$ 6,932,467	\$ -	\$ 714,631	\$ 242,494	\$ 7,889,592	
2012	-	-	-	7,392,509	-	1,132,399	-	8,524,907	
2013	-	-	-	7,780,642	-	1,757,969	-	9,538,611	
2014	-	-	-	8,113,485	-	855,917	-	8,969,402	
2015	-	-	-	8,827,008	-	695,569	-	9,522,577	
2016	-	-	-	9,254,967	-	1,459,396	-	10,714,363	
2017	-	-	-	10,083,203	-	1,495,136	-	11,578,339	
2018	-	-	-	10,740,395	-	5,064,217	-	15,804,612	
2019	-	-	-	11,648,790	-	1,947,742	-	13,596,532	
2020	-	-	-	35,972,506	-	-	-	35,972,506	

Total, All Governmental Funds									
Fiscal Year	Reserved	Unreserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2011	\$ -	\$ -	\$ 5,274	\$ 7,083,952	\$ -	\$ 2,512,103	\$ 5,678,367	\$ 15,279,697	
2012	-	-	5,274	7,627,239	-	3,644,676	7,034,726	18,311,915	
2013	-	-	5,000	8,402,487	-	4,021,925	7,361,995	19,791,407	
2014	-	-	5,000	9,051,540	-	7,003,468	4,907,962	20,967,970	
2015	-	-	5,000	9,196,608	-	6,399,326	855,785	16,456,719	
2016	-	-	5,000	9,625,363	-	4,964,360	5,373,125	19,967,849	
2017	-	-	5,000	10,324,701	-	4,917,068	3,957,816	19,204,585	
2018	-	-	5,000	11,589,245	-	8,511,076	974,913	21,080,234	
2019	-	-	5,000	12,022,153	-	2,226,120	3,886,783	18,140,055	
2020	-	-	5,000	36,341,985	-	405,307	7,254,391	44,006,682	

Source: District records.

Changes in Fund Balances, Governmental Funds

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues:										
LCFF/Revenue limit sources	\$ 25,458,478	\$ 26,170,118	\$ 28,210,728	\$ 31,459,840	\$ 31,730,727	\$ 36,138,756	\$ 37,978,939	\$ 39,832,161	\$ 42,639,883	\$ 44,698,442
Federal	1,783,741	1,005,829	1,051,413	934,871	1,003,227	1,024,458	1,105,381	1,102,424	1,180,670	1,063,634
Other state	2,626,630	1,681,572	1,689,287	2,989,557	1,531,224	5,897,833	3,828,374	4,996,769	7,186,947	4,893,173
Other local	23,023,763	26,883,217	29,180,490	28,412,857	30,867,318	28,755,419	28,801,091	31,871,406	32,393,138	31,649,298
Total revenues	52,892,612	55,740,736	60,131,918	63,797,125	65,132,496	71,816,466	71,713,785	77,802,760	83,400,638	82,304,547
Expenditures:										
Instruction	28,816,637	28,756,222	30,697,146	32,812,101	36,111,389	37,339,440	38,840,664	42,164,706	44,853,816	42,318,456
Instruction-related services:										
Supervision of instruction	1,157,483	1,100,846	1,375,094	1,467,127	1,764,214	1,768,590	2,284,013	2,336,569	2,350,384	2,440,200
Instruction library, media and technology	326,008	535,255	774,439	817,044	848,179	883,708	982,592	1,027,454	1,072,422	1,085,897
School site administration	2,379,907	2,506,981	2,490,098	2,631,247	2,839,598	2,947,689	3,098,401	3,238,340	3,426,458	3,357,343
Pupil services:										
Home-to-school transportation	256,647	266,025	315,975	265,069	215,363	235,368	468,061	496,399	384,136	269,277
Food services	110,721	5,880	55,695	77,609	99,186	99,901	107,072	145,100	146,726	163,176
All other pupil services	2,001,166	1,998,134	1,999,504	2,550,163	3,157,355	3,221,133	3,480,773	3,847,977	3,848,682	3,900,649
General administration:										
Data processing	489,844	405,451	576,749	534,630	578,587	676,174	851,172	763,437	846,037	838,459
All other general administration	2,380,088	2,636,221	3,902,426	3,635,802	2,724,325	2,708,192	3,191,075	3,521,274	3,755,039	3,619,563
Plant services	5,086,314	4,787,199	5,433,834	6,130,881	7,119,139	7,348,130	8,502,280	8,484,301	8,392,682	8,425,344
Facilities acquisition and construction	541,464	676,074	1,594,503	2,027,138	4,265,100	5,562,598	2,593,113	795,691	5,462,839	116,150,202
Other educational programs	3,340	-	-	39,836	48,612	65,414	14,248	7,067	-	7,036
Debt service:										
Principal	4,299,336	3,211,822	3,356,525	3,723,688	3,814,086	4,146,457	7,306,516	8,395,760	9,190,451	20,035,609
Interest, fees and issuance costs	4,263,245	5,822,407	6,372,081	5,908,227	6,011,639	6,302,541	3,488,827	3,203,036	2,611,145	4,014,088
Total expenditures	52,112,200	52,708,517	58,944,069	62,620,562	69,596,772	73,305,335	75,208,807	78,427,111	86,340,817	206,625,299
Excess (deficiency) of revenues over (under) expenditures	780,412	3,032,219	1,187,849	1,176,563	(4,464,276)	(1,488,869)	(3,495,022)	(624,351)	(2,940,179)	(124,320,752)
Other financing sources (uses):										
Proceeds from bond issuances	-	-	30,559,345	-	-	5,000,000	38,881,758	-	-	65,000,000
Defeasance of general obligation bonds	-	-	(30,267,702)	-	-	-	(36,150,000)	-	-	-
Bond premium	-	-	-	-	-	-	-	-	-	6,187,380
Bond anticipation notes	-	-	-	-	-	-	-	-	-	79,000,000
Proceeds from lease-leaseback transaction	-	-	-	-	-	-	-	-	-	-
All other financing sources (uses)	-	-	-	-	-	-	-	2,500,000	-	-
Total other financing sources (uses)	-	-	291,643	-	-	5,000,000	2,731,758	2,500,000	-	150,187,380
Net changes in fund balances	780,412	3,032,219	1,479,492	1,176,563	(4,464,276)	3,511,131	(763,264)	1,875,649	(2,940,179)	25,866,628
Fund balances beginning	14,499,284	15,279,696	18,311,915	19,791,407	20,967,970	16,456,718	19,967,849	19,204,585	21,080,234	18,140,055
Prior Period Adjustment					(46,976)					
Fund balances beginning, as adjusted					20,920,994	16,456,718	19,967,849	19,204,585	21,080,234	18,140,055
Fund balances ending	\$ 15,279,696	\$ 18,311,915	\$ 19,791,407	\$ 20,967,970	\$ 16,456,718	\$ 19,967,849	\$ 19,204,585	\$ 21,080,234	\$ 18,140,055	\$ 44,006,683
Debt service as a % of non-capital expenditures	16.5%	17.2%	16.6%	15.4%	14.2%	14.3%	14.4%	14.8%	14.4%	25.4%

Source: Data extracted from District Financial Statements.

Total Debt Service (from above)	8,562,581	9,034,229	9,728,606	9,631,915	9,825,725	10,448,998	10,795,343	11,598,796	11,801,596	24,049,697
Total Expenditures (from above)	52,112,200	52,708,517	58,944,069	62,620,562	69,596,772	73,305,335	75,208,807	78,427,111	86,340,817	206,625,299
less, Capital Expenditures ¹	156,551	172,633	442,903	132,810	178,557	18,388	-	5,396	4,346,700	111,773,591
Total Non-capital Expenditures	51,955,649	52,535,884	58,501,166	62,487,752	69,418,215	73,286,947	75,208,807	78,421,715	81,994,117	94,851,708

¹ Capital expenditures reflect "expenditures for capital asset additions" as shown in the Reconciliation of the Governmental Funds Statement of Revenues and Expenditures and Changes in Fund Balances to the Statement of Activities.

Revenue Base: Assessed Valuation (AV) and Property Tax Collections
(Dollars in Millions)

Fiscal Year	Residential Property	Commercial Property	Total Net Secured	Utilities	Total Net Unsecured	Total Net (Taxable) AV	Weighted Average Tax Rate per \$100 AV ⁽¹⁾	Total Property Tax Collections
2011	\$12,730.15	\$1,134.01	\$13,864.16	\$0.00	\$151.53	\$14,015.69	0.1879	\$26.34
2012	\$13,226.58	\$1,102.81	\$14,329.39	\$0.00	\$136.88	\$14,466.27	0.1883	\$27.23
2013	\$13,896.49	\$1,180.09	\$15,076.58	\$0.00	\$129.07	\$15,205.65	0.1898	\$28.85
2014	\$15,181.88	\$1,314.57	\$16,496.45	\$0.00	\$145.01	\$16,641.46	0.1897	\$31.56
2015	\$16,214.37	\$1,439.11	\$17,653.47	\$0.00	\$162.81	\$17,816.28	0.1918	\$34.18
2016	\$17,612.27	\$1,605.22	\$19,217.49	\$0.00	\$175.23	\$19,392.73	0.1929	\$37.40
2017	\$18,933.20	\$1,700.00	\$20,633.20	\$0.00	\$128.38	\$20,761.58	0.1917	\$39.81
2018	\$20,284.12	\$1,954.57	\$22,238.69	\$0.00	\$135.92	\$22,374.61	0.1906	\$42.65
2019	\$21,790.93	\$2,142.75	\$23,933.68	\$0.00	\$165.43	\$24,099.11	0.1915	\$46.14
2020	\$23,339.94	\$2,223.85	\$25,563.79	\$0.00	\$188.48	\$25,752.27	0.1917	\$49.37

⁽¹⁾ General purpose tax rate only; excludes tax rate to retire bonded indebtedness.

Per California law all properties are taxed at 1% of AV.

A portion of these tax proceeds goes to schools; that proportion differs from one tax rate area to another.

There are 40 different tax rate areas within Los Altos School District.

Note: Under the Teeter Plan (an alternate method of apportioning tax revenues to school districts), Santa Clara County distributes 100% of the general purpose taxes levied to its districts each year.

Source: Santa Clara County Controller; Santa Clara County Assessor



Revenue Base: Property Tax Rates, All Direct and Overlapping Governments

	2010/11	2011/12	2012/13	2013/14	2014/15
County-wide Rate ^(a)	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County Retirement Levy	0.0388%	0.0388%	0.0388%	0.0388%	0.0388%
County Library Retirement	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%
County Hospital Bonds	0.0095%	0.0047%	0.0051%	0.0035%	0.0091%
County Housing Bonds	n/a	n/a	n/a	n/a	n/a
Los Altos Elementary 1998/2014	0.0600%	0.0595%	0.0579%	0.0534%	0.0524%
Mid-Peninsula Regional Open Space 2014	n/a	n/a	n/a	n/a	n/a
El Camino Hospital District	0.0129%	0.0129%	0.0129%	0.0129%	0.0129%
Foothill-De Anza Coll. 1999	0.0326%	0.0297%	0.0287%	0.0290%	0.0276%
MV-Los Altos High Bonds 1995/2010	0.0151%	0.0147%	0.0139%	0.0121%	0.0133%
SCVWD-State Water Project	0.0070%	0.0063%	0.0069%	0.0070%	0.0065%
SCVWD-Zone W-1 Bond	0.0002%	0.0001%	0.0000%	0.0000%	0.0000%
TOTAL	1.1785%	1.1691%	1.1666%	1.1591%	1.1630%

	2015/16	2016/17	2017/18	2018/19	2019/20
County-wide Rate ^(a)	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County Retirement Levy	0.0388%	0.0388%	0.0388%	0.0388%	0.0388%
County Library Retirement	0.0024%	0.0024%	0.0024%	0.0024%	0.0024%
County Hospital Bonds	0.0088%	0.0086%	0.0082%	0.0072%	0.0069%
County Housing Bonds	n/a	n/a	0.0127%	0.0105%	0.0100%
Los Altos Elementary 1998/2014	0.0485%	0.0479%	0.0463%	0.0449%	0.0713%
Mid-Peninsula Regional Open Space 2014	0.0008%	0.0006%	0.0009%	0.0018%	0.0015%
El Camino Hospital District	0.0129%	0.0129%	0.0100%	0.0100%	0.0100%
Foothill-De Anza Coll. 1999	0.0240%	0.0234%	0.0220%	0.0217%	0.0364%
MV-Los Altos High Bonds 1995/2010	0.0119%	0.0112%	0.0107%	0.0409%	0.0400%
SCVWD-State Water Project	0.0057%	0.0086%	0.0062%	0.0042%	0.0037%
SCVWD-Zone W-1 Bond	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	1.1538%	1.1544%	1.1582%	1.1824%	1.2210%

(a) Maximum rate for purposes other than paying debt service in accordance with Article XIII A of the State Constitution. Only a portion of this rate applies to the district.

Source: County of Santa Clara Auditor-Controller's Office (Typical Tax Rate per \$100 Assessed Valuation TRA 11-001).

Data Extracted From Above

The Los Altos School District's share of the county-wide general purpose 1% secured tax rate is based on historical formulas and can vary slightly from year to year. **For purposes of this table we show the weighted average tax rate for all 40 tax rate areas within the district.** Tax rates for the ten year period directly applicable to Los Altos School District include its share of the general purpose tax rate and the special purpose bond rate (used to retire debt on the "Los Altos Elementary 1998" general obligation bonds).

	2010/11	2011/12	2012/13	2013/14	2014/15
Los Altos School District, General Purpose	0.1879%	0.1883%	0.1898%	0.1897%	0.1918%
<u>Los Altos School District, 1998/2014 Bonds</u>	<u>0.0600%</u>	<u>0.0595%</u>	<u>0.0579%</u>	<u>0.0534%</u>	<u>0.0524%</u>
Total	0.2479%	0.2478%	0.2477%	0.2431%	0.2442%
	2015/16	2016/17	2017/18	2018/19	2019/20
Los Altos School District, General Purpose	0.1929%	0.1917%	0.1906%	0.1915%	0.1917%
<u>Los Altos School District, 1998/2014 Bonds</u>	<u>0.0485%</u>	<u>0.0479%</u>	<u>0.0463%</u>	<u>0.0449%</u>	<u>0.0713%</u>
Total	0.2414%	0.2396%	0.2369%	0.2364%	0.2630%

Principal Local Secured Taxpayers

2019-20 compared to nine years earlier

Rank	Property Owner	Land Use	2019-20 Assessed Value	Pct. of Total ¹	2010-11 Assessed Value	Pct. of Total ²	Rank
1	MGP IX Sac II Properties LLC	Office & Shopping Ctr	\$ 384,266,599	1.50%			
2	MGP IX CP Venture LLC	Apartments	164,489,550	0.64%			
3	San Antonio Apartments LLC	Apartments	162,157,675	0.63%			
4	MV Domus Apartments LLC	Apartments	136,188,567	0.53%			
5	BP West El Camino LLC	Office Building	87,993,075	0.34%			
6	San Antonio Center II LLC	Shopping Center	69,534,091	0.27%			
7	RLJ R Los Altos LP	Shopping Center	68,058,537	0.27%			
8	Avalonbay Communities, Inc.	Apartments	66,052,133	0.26%	\$ 56,330,127	0.39%	1
9	Matthew Pear	Shopping Center	61,723,384	0.24%			
10	Los Altos Gardens I & II LP	Apartments	56,587,998	0.22%	26,444,234	0.18%	5
11	Imperial Hornet Developers LLC	Shopping Center	55,000,000	0.22%			
12	St. Paul Fire & Marine Insurance Co.	Shopping Center	52,987,520	0.21%			
13	Lapaloma Property LLC	Residential	50,846,336	0.20%			
14	Richard T. Spieker, Trustee	Apartments	48,798,811	0.19%			
15	MGP IX Retail LLC	Shopping Center	47,063,648	0.18%			
16	5150 ECR Group LLC	Office Building	44,959,866	0.18%			
17	Palo Alto Bowl LLC	Hotel	43,442,677	0.17%	15,529,379	0.11%	16
18	Campo Vista Lane LLC	Residential	41,400,188	0.16%			
19	SHP-Latham LLC	Office Building	35,391,286	0.14%			
20	SI 29 LLC	Offices Building	34,455,131	0.13%	19,087,836	0.13%	11
	2440 El Camino LP	Office Building			48,820,173	0.34%	2
	Behringer Harvard El Camino Real LP	Office Building			40,522,807	0.28%	3
	San Antonio Center LLC	Shopping Center			35,888,964	0.25%	4
	Douglas M. Leone, Trustee	Residential			25,000,000	0.17%	6
	Compass Grand Los Altos LLC	Shopping Center			21,411,487	0.15%	7
	Pacific Retail Master LP	Shopping Center			21,233,621	0.15%	8
	KRC Los Altos LP	Residential Care Facility			20,720,000	0.14%	9
	West Fremont Office Corporation	Office Building			19,500,000	0.14%	10
	4 Seasons Associates LLC	Hotel			19,061,754	0.13%	12
	D&L Packard Foundation (net taxable value)	Office Building			18,092,557	0.13%	13
	Diane M. Santos	Shopping Center			17,553,493	0.12%	14
	Los Altos Hotel Associates LLC	Hotel			16,990,461	0.12%	15
	Book LLC	Undeveloped			15,477,097	0.11%	17
	Village Court Partners	Commercial			15,314,674	0.11%	18
	Avery Palo Alto Plaza LP	Apartments			13,603,102	0.09%	19
	Mark and Karen S. Jung	Residential			13,287,481	0.09%	20
			\$ 1,711,397,072	6.69%	\$ 479,869,247	3.35%	

¹ 2019-20 Local Secured Assessed Valuation: \$25,563,786,568² 2010-11 Local Secured AV: \$14,329,396,773

Source: California Municipal Statistics, Inc.

Property Tax Levies and Collections

General Purpose Levy

Fiscal Year	Taxes Levied (a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2011	\$ 26,340,708	\$ 26,340,708	100.00%	-	\$ 26,340,708	100.00%
2012	27,234,353	27,234,353	100.00%	-	27,234,353	100.00%
2013	28,854,897	28,854,897	100.00%	-	28,854,897	100.00%
2014	31,564,315	31,564,315	100.00%	-	31,564,315	100.00%
2015	34,178,091	34,178,091	100.00%	-	34,178,091	100.00%
2016	37,402,066	37,402,066	100.00%	-	37,402,066	100.00%
2017	39,808,468	39,808,468	100.00%	-	39,808,468	100.00%
2018	42,650,198	42,650,198	100.00%	-	42,650,198	100.00%
2019	46,143,240	46,143,240	100.00%	-	46,143,240	100.00%
2020	49,371,651	49,371,651	100.00%	-	49,371,651	100.00%

(a) Under the Teeter Plan (an alternate method of apportioning tax revenues to school districts), Santa Clara County distributes 100% of the general purpose taxes levied to its districts each year.

Debt Service Levy

Fiscal Year	Taxes Levied	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years ⁽¹⁾	Total Amount Collected	Total Collected as % of Total Levy
2011	\$ 8,254,953	\$ 8,179,868	99.09%	-	\$ 8,179,868	99.09%
2012	8,433,408	8,378,415	99.35%	-	8,378,415	99.35%
2013	8,673,342	8,625,071	99.44%	-	8,625,071	99.44%
2014	8,801,948	8,748,831	99.40%	-	8,748,831	99.40%
2015	9,265,994	9,205,241	99.34%	-	9,205,241	99.34%
2016	9,276,321	9,238,525	99.59%	-	9,238,525	99.59%
2017	9,869,230	9,794,114	99.24%	-	9,794,114	99.24%
2018	10,186,224	10,151,825	99.66%	-	10,151,825	99.66%
2019	10,691,226	10,640,299	99.52%	-	10,640,299	99.52%
2020	10,664,511	10,607,339	99.46%	-	10,607,339	99.46%

Total, All Levies

Fiscal Year	Taxes Levied	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2011	\$ 34,595,661	\$ 34,520,576	99.78%	-	\$ 34,520,576	99.78%
2012	35,667,761	35,612,768	99.85%	-	35,612,768	99.85%
2013	37,528,239	37,479,968	99.87%	-	37,479,968	99.87%
2014	40,366,263	40,313,147	99.87%	-	40,313,147	99.87%
2015	43,444,085	43,383,332	99.86%	-	43,383,332	99.86%
2016	46,678,387	46,640,591	99.92%	-	46,640,591	99.92%
2017	49,677,698	49,602,582	99.85%	-	49,602,582	99.85%
2018	52,836,422	52,802,023	99.93%	-	52,802,023	99.93%
2019	56,834,466	56,783,539	99.91%	-	56,783,539	99.91%
2020	60,036,162	59,978,990	99.90%	-	59,978,990	99.90%

⁽¹⁾ The County's current property tax system is unable to track collections by respective year of levy. Thus information on collections of delinquent taxes in subsequent years is not available.

Source: Santa Clara County records and California Municipal Statistics, Inc.

Computation of Legal Debt Margin

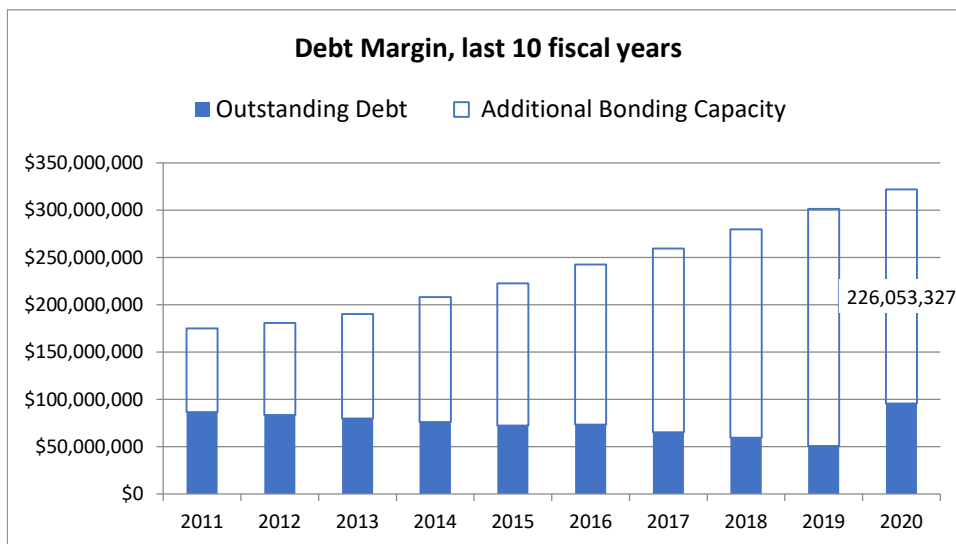
Fiscal Year	Assessed Valuation ¹	Statutory Bonding Capacity ²	Outstanding Debt (³)	Additional Bonding Capacity (Debt Margin)	Ratio of Debt Margin to Debt Limit
2011	\$ 14,015,681,413	\$ 175,196,018	\$ 86,664,000	\$ 88,532,018	50.5%
2012	14,466,276,540	180,828,457	83,603,480	97,224,977	53.8%
2013	15,205,649,537	190,070,619	79,715,560	110,355,059	58.1%
2014	16,641,461,184	208,018,265	76,158,560	131,859,705	63.4%
2015	17,816,282,409	222,703,530	72,518,760	150,184,770	67.4%
2016	19,392,728,583	242,409,107	73,555,000	168,854,107	69.7%
2017	20,761,582,826	259,519,785	65,340,000	194,179,785	74.8%
2018	22,374,610,758	279,682,634	59,645,000	220,037,634	78.7%
2019	24,099,154,471	301,239,431	50,665,000	250,574,431	83.2%
2020	25,752,266,169	321,903,327	95,850,000	226,053,327	70.2%

¹ California Municipal Statistics, Inc. and Santa Clara County.

² Statutory Bonding Capacity is equal to 1.25% of the District's total assessed valuation.

(³) The district's debt margin is calculated by subtracting from the statutory bonding capacity the outstanding debt principal (net general bonded debt). See table below for the net bonded debt for FY2020s.

General Bonded Debt, gross	\$ 105,226,754
<u>Less, Unamortized Bond Premium</u>	<u>9,376,754</u>
General Bonded Debt, net	95,850,000



Ratio of Total Debt to AV / Capita

Year	General Bonded Debt (1)	Bond Anticipation Notes (1)	Site Lease Purchase Obligations (1)	Total Debt (1)	Assessed Value	Debt / A.V.	Estimated Population (2)	Debt/Capita
2011	\$ 86,664,000		\$ 3,841,525	\$ 90,505,525	\$ 14,015,681,413	0.646%	40,496	\$ 2,235
2012	83,603,480		3,690,222	87,293,702	14,466,276,540	0.603%	40,341	2,164
2013	79,715,560		3,531,616	83,247,176	15,205,649,537	0.547%	40,256	2,068
2014	86,588,753		3,365,355	89,954,108	16,641,461,184	0.541%	41,241	2,181
2015	81,790,044		3,191,069	84,981,113	17,816,282,409	0.477%	42,487	2,000
2016	76,667,374	5,000,000	3,008,372	84,675,746	19,392,728,583	0.437%	43,765	1,935
2017	64,734,365	7,500,000	2,816,856	75,051,221	20,761,582,826	0.361%	45,040	1,666
2018	55,390,304	10,000,000	2,616,096	68,006,400	22,374,610,758	0.304%	45,040	1,510
2019	45,261,243	10,000,000	2,405,645	57,666,888	24,099,154,471	0.239%	43,982	1,311
2020	105,226,754	79,000,000	2,185,036	186,411,790	25,752,266,169	0.724%	44,372	4,201

(1) As of June 30th

(2) Estimated population from the U.S. Census Bureau, <http://www.census.gov/did/www/saie/index.html>

Data for 2011 and 2012 were estimated based off of the population growth in Los Altos and Los Altos Hills.

Below is the ratio of net general bonded debt to both district assessed valuation and population. Data on net general bonded debt is not readily available for fiscal years prior to 2016.

Ratio of Net General Bonded Debt to AV / Capita

Year	General Bonded Debt, gross	less, Resources Restricted for Debt Service	General Bonded Debt, net	Assessed Value	Debt / A.V.	Estimated Population	Debt/Capita
2016	\$ 76,667,374	\$ 8,112,374	\$ 68,555,000	\$ 19,392,728,583	0.354%	43,765	\$ 1,566
2017	64,734,365	6,894,365	57,840,000	20,761,582,826	0.279%	45,040	1,284
2018	55,390,304	5,745,304	49,645,000	22,374,610,758	0.222%	45,040	1,102
2019	45,261,243	4,596,243	40,665,000	24,099,154,471	0.169%	43,982	925
2020	105,226,754	5,771,739	99,455,015	25,752,266,169	0.386%	44,372	2,241

Data extracted from table above; unable to calculate net general bonded debt prior to FY2016 as data for resources restricted for debt service not available.

Direct and Overlapping Debt

2019-20 Assessed Valuation: \$25,563,786,568

	Total Debt 6/30/2020	% Applicable	Debt 6/30/19
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Santa Clara County	\$881,278,401	4.99%	\$43,984,605
Foothill-De Anza Community College District	\$608,087,275	14.40%	87,546,325
Mountain View-Los Altos Union High School District	\$231,022,292	47.07%	108,732,952
City of Palo Alto	\$58,926,093	0.78%	458,445
City of Los Altos 1915 Act Bonds (Estimate)	\$602,006	80.56%	485,000
City of Los Altos Hills Assessment District No. 1	\$1,630,000	100.00%	1,630,000
El Camino Hospital District	\$120,675,814	25.52%	30,800,088
Midpeninsula Regional Park District	\$88,831,100	8.42%	7,477,802
Santa Clara Valley Water District Benefit Assessment District	\$65,481,887	4.99%	3,268,201
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$2,056,534,868		\$284,383,418
OVERLAPPING GENERAL FUND DEBT:			
Santa Clara County General Fund Obligations	\$966,725,090	4.99%	\$48,239,582
Santa Clara County Pension Obligation Bonds	\$346,996,634	4.99%	17,318,602
Santa Clara County Board of Education Certificates of Participation	\$3,480,004	4.99%	173,687
Foothill-DeAnza Community College District Certificates of Participation	\$24,092,623	14.40%	3,468,615
Mountain View-Los Altos Union High School District Certificates of Participation	\$1,639,999	47.07%	771,882
City of Los Altos Certificates of Participation	\$1,005,000	81.04%	814,452
Other City General Fund Obligations		Various	100,000
Midpeninsula Regional Park District General Fund Obligations	\$111,985,602	8.42%	9,426,948
Santa Clara Valley Vector Control District Certificates of Participation	\$2,009,998	4.99%	100,319
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT	\$1,457,934,951		\$80,414,087
Less: Santa Clara County supported obligations			16,000,000
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$64,414,087
GROSS COMBINED TOTAL OVERLAPPING DEBT			\$364,797,505 [1]
NET COMBINED TOTAL OVERLAPPING DEBT			\$348,797,505

[1]Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

District Direct Debt

General Bonded Debt	\$95,850,000	100%	\$95,850,000
Site Lease Purchases	<u>2,185,036</u>	<u>100%</u>	<u>2,185,036</u>
Total, District Direct Debt	\$98,035,036	100%	\$98,035,036

Total, Direct and Overlapping Debt (gross)	<u>\$462,832,541</u>
Total, Direct and Overlapping Debt (net)	<u>\$446,832,541</u>

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$90,035,036)	0.38%
Total Overlapping Tax and Assessment Debt	1.43%
Gross Combined Total Debt	1.81%
Net Combined Total Debt	1.75%

Source: California Municipal Statistics, Inc.

Ratio of Annual Debt Service Expenditures to General Expenditures

Fiscal Year	Annual Debt Service	Total General Expenditures ⁽¹⁾	Debt / Expenditures
2011	\$ 8,069,075	\$ 42,743,485	18.88%
2012	8,648,100	42,598,228	20.30%
2013	7,684,300	47,139,214	16.30%
2014	9,193,487	50,152,353	18.33%
2015	8,391,675	54,359,641	15.44%
2016	9,791,580	56,443,717	17.35%
2017	10,012,817	60,948,102	16.43%
2018	10,653,077	65,841,723	16.18%
2019	11,114,526	70,396,395	15.79%
2020	12,570,021	64,693,294	19.43%

⁽¹⁾ General Fund expenditures only.

Annual debt service is bond debt service due in the upcoming fiscal year as of June 30 of the prior year and excludes bonds issued during the fiscal year.

Source: District records, Annual Budget Documents

Enrollment & Attendance History

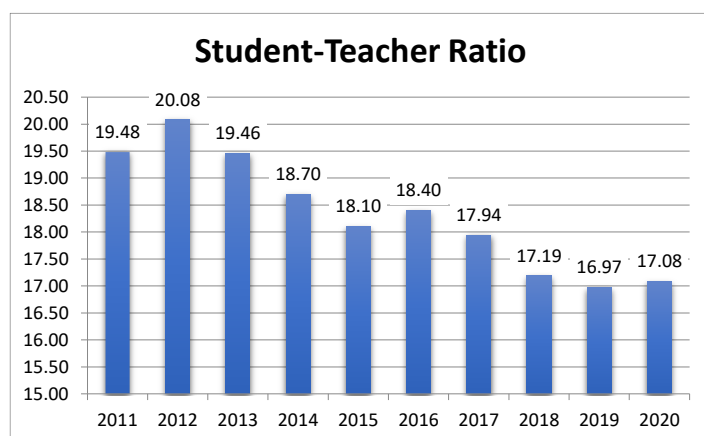
Fiscal Year	Average Daily Attendance (ADA) (2nd Period)	Enrollment (October)	Ratio, ADA to Enrollment	Enrollment Growth: %
2011	4,301	4,384	0.98	2.3%
2012	4,387	4,477	0.98	2.1%
2013	4,402	4,495	0.98	0.4%
2014	4,449	4,543	0.98	1.1%
2015	4,565	4,670	0.98	2.8%
2016	4,533	4,636	0.98	-0.7%
2017	4,379	4,522	0.97	-2.5%
2018	4,292	4,400	0.98	-2.7%
2019	4,115	4,242	0.97	-3.6%
2020	3,898	3,996	0.98	-5.8%

Source: District records.

Student-Teacher Ratios

Fiscal Year	Student Enrollment	No. of Teachers	Student-Teacher Ratio
2011	4,384	225	19.48
2012	4,477	223	20.08
2013	4,495	231	19.46
2014	4,543	243	18.70
2015	4,670	258	18.10
2016	4,636	252	18.40
2017	4,522	252	17.94
2018	4,400	256	17.19
2019	4,242	250	16.97
2020	3,996	234	17.08

Source: District records.



New Construction for Los Altos and Los Altos Hills

Los Altos				Los Altos Hills		
Number of New Units				Number of New Units		
Year	Single Unit	Multi-Units	Total	Single Unit	Multi-Units	Total
2010	80	3	83	18	0	18
2011	44	23	67	26	0	26
2012	46	0	46	21	0	21
2013	78	48	126	30	0	30
2014	35	182	217	25	4	29
2015	42	4	46	42	0	42
2016	52	0	52	34	0	34
2017	41	4	45	24	0	24
2018	41	24	65	22	1	23
2019	53	0	53	11	0	11

Los Altos				Los Altos Hills		
Valuations (in thousands)				Valuations (in thousands)		
Year	Single Unit	Multi-Units	Total	Single Unit	Multi-Units	Total
2010	35,219	210	35,429	18,446	0	18,446
2011	31,672	8,178	39,850	22,551	0	22,551
2012	33,516	0	33,516	12,554	0	12,554
2013	46,592	15,100	61,692	29,970	0	29,970
2014	25,654	47,541	73,195	18,121	47,541	65,662
2015	35,100	403	35,503	36,500	0	36,500
2016	47,780	0	47,780	25,520	0	25,520
2017	39,010	793	39,803	20,996	0	20,996
2018	38,759	10,748	49,507	27,191	10,748	37,939
2019	46,711	0	46,711	14,078	0	14,078

Source: U.S. Census Bureau

(http://censtats.census.gov/bldg/bldgprmt.shtml)

Bank Deposits for Santa Clara County

Data unavailable for the District.

Fiscal Year	Deposits (in millions)
2011	68,057
2012	73,478
2013	81,618
2014	99,193
2015	114,438
2016	123,789
2017	134,866
2018	141,656
2019	146,830
2020	180,402

Source: Federal Deposit Insurance Corporation

(http://www2.fdic.gov/sod/SODSumReport.asp)

Principal Employers, Santa Clara County

Most recent (FY2020) compared to nine years earlier

		Fiscal Year 2020		Fiscal Year 2011		
Employer	Product/Service	Employees	% of Total County Employment	Employees	Rank	% of Total County Employment
1 Apple Computer	Personal computers	25,000	2.69%	10,000	4	1.27%
2 Alphabet Inc. (Google)	Computer products	23,000	2.48%			
3 County of Santa Clara	Government	18,570	2.00%	15,474	1	1.97%
4 Stanford University	Higher Education	15,576	1.68%	10,101	3	1.28%
5 Tesla Motors Inc.	Automotive/alternative energy	15,000	1.61%			
6 Stanford Healthcare	Medical & surgical hospitals/clinics	14,143	1.52%	5,569	8	
7 Cisco Technology Inc.	Computer products	13,683	1.47%	13,000	2	1.65%
8 Kaiser Permanente	Health Maintenance Organization	12,500	1.35%	8,343	5	1.06%
9 Intel Corporation	Computer products	7,975	0.86%	5,000	9	0.64%
10 City of San Jose	Government	7,728	0.83%	5,840	7	0.74%
Lockheed Martin Corp.	Search & navigation systems			7,600	6	0.97%
Hewlett Packard Co.	Computers and software			5,000	9	0.64%
Total, Top Ten Employers		153,175	16.49%	85,927		10.22%
Total County Employment		929,100		786,100		

Source: County of Santa Clara annual financial report.

Staffing FTE by Function

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Teachers	223.92	222.70	230.97	243.16	257.75	251.58	251.68	256.27	249.94	234.80
Para-professionals	85.05	76.35	82.81	81.53	89.76	89.83	89.50	98.06	107.11	108.07
sub-total, Instruction	308.97	299.05	313.78	324.69	347.51	341.41	341.18	354.33	357.05	342.87
Instruction-related services	25.73	25.12	26.70	27.30	27.30	26.37	29.88	33.38	31.63	31.92
Pupil services	8.20	7.70	9.00	12.60	12.00	13.30	13.20	13.20	11.70	11.70
General administration	20.82	20.48	22.33	24.66	30.70	28.89	27.91	30.49	33.71	34.23
Plant services	23.00	21.00	21.00	21.50	23.00	23.00	23.00	23.00	23.00	23.00
Facilities acquisition & construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total, all staffing	386.72	373.35	392.81	410.75	440.51	432.97	435.17	454.40	457.09	443.72
Teachers (FTE)	223.92	222.70	230.97	243.16	257.75	251.58	251.68	256.27	249.94	234.80
% of total staffing	58%	60%	59%	59%	59%	58%	58%	56%	55%	53%

Source: District records.

2019–20 Teaching Staff Demographics

Average Age	43
Average Years Teaching in District	10
Average Total Years Teaching	15
1st Year	9 teachers
2nd Year	10 teachers
3-5 Years	39 teachers
6+ Years	191 teachers
Male	32
Female	217
	249
Ethnicity	
White	203 (82%)
All Other	46 (18%)
	249
Highest Education Level Attained	
Masters or greater	173
Teachers with CLAD Credentials	243

Source: District records.

Capital Assets by Function and Activity

Function and Activity	Fiscal Year				
	2011	2012	2013	2014	2015
Instruction	\$ 103,164,639	\$ 103,308,103	\$ 103,584,200	\$ 103,630,018	\$ 103,817,315
Supervision of instruction	360,061	360,061	360,061	360,061	360,061
Instruction library, media and technology	9,776,525	9,776,525	9,776,525	9,776,525	9,776,525
School site administration	9,930,707	9,930,708	9,930,708	9,988,903	9,988,903
Food services	47,158	47,158	47,158	47,158	47,158
All other pupil services	81,810	81,809	81,809	81,810	81,810
Data processing	178,860	178,860	189,895	189,895	189,895
All other general administration	2,726,948	2,726,948	2,726,949	2,746,903	2,746,903
Plant services	5,461,064	5,490,233	5,641,003	5,649,845	5,656,945
Total capital assets	\$ 131,727,772	\$ 131,900,405	\$ 132,338,308	\$ 132,471,118	\$ 132,665,515

Function and Activity	Fiscal Year				
	2016	2017	2018	2019	2020
Instruction	\$ 103,817,315	\$ 103,742,589	\$ 103,747,985	\$ 106,776,075	\$ 106,776,075
Supervision of instruction	360,061	360,061	360,061	360,061	360,061
Instruction library, media and technology	9,776,525	9,776,525	9,776,525	9,776,525	9,776,525
School site administration	9,988,903	9,988,903	9,988,903	9,988,903	9,988,903
Food services	47,158	47,158	47,158	47,158	47,158
All other pupil services	81,810	81,810	81,810	81,810	81,810
Data processing	208,283	194,807	194,808	194,808	194,808
All other general administration	2,746,903	2,746,903	2,746,903	2,746,903	2,746,903
Plant services	5,656,945	5,656,945	5,656,945	6,952,385	141,725,977
Total capital assets	\$ 132,683,903	\$ 132,595,701	\$ 132,601,097	\$ 136,924,628	\$ 271,698,219

Source: District records.

School Building Information

	Year <i>Built</i>	Year <i>Renovated</i>	Fiscal Year									
			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Almond Elementary	1957	2003										
Square Feet			32,427	32,427	32,427	32,427	32,427	32,427	32,427	32,427	32,427	32,427
Capacity			350	350	350	350	350	350	350	350	350	350
Enrollment			531	526	540	510	545	536	541	508	488	451
Gardner Bullis Elementary	1961	2008										
Square Feet			16,588	16,588	16,588	16,588	16,588	16,588	16,588	16,588	16,588	16,588
Capacity			200	200	200	200	200	200	200	200	200	200
Enrollment			291	298	321	318	337	352	345	309	302	289
Covington Elementary	1950	2003										
Square Feet			48,824	48,824	48,824	48,824	48,824	48,824	48,824	48,824	48,824	48,824
Capacity			600	600	600	600	600	600	600	600	600	600
Enrollment			455	498	500	512	553	559	561	580	585	564
Loyola Elementary	1949	2004										
Square Feet			30,851	30,851	30,851	30,851	30,851	30,851	30,851	30,851	30,851	30,851
Capacity			475	475	475	475	475	475	475	475	475	475
Enrollment			590	588	573	542	526	505	446	425	404	362
Oak Elementary	1957	2005										
Square Feet			21,264	21,264	21,264	21,264	21,264	21,264	21,264	21,264	21,264	21,264
Capacity			350	350	350	350	350	350	350	350	350	350
Enrollment			446	463	487	506	459	444	430	409	387	367
Santa Rita Elementary	1957	2004										
Square Feet			25,578	25,578	25,578	25,578	25,578	25,578	25,578	25,578	25,578	25,578
Capacity			400	400	400	400	400	400	400	400	400	400
Enrollment			542	537	566	561	568	561	541	546	524	492
Springer Elementary	1955	2003										
Square Feet			29,603	29,603	29,603	29,603	29,603	29,603	29,603	29,603	29,603	29,603
Capacity			500	500	500	500	500	500	500	500	500	500
Enrollment			516	535	517	522	538	522	501	495	468	454
Blach Intermediate	1957	2002										
Square Feet			64,784	64,784	64,784	64,784	64,784	64,784	64,784	64,784	64,784	64,784
Capacity			600	600	600	600	600	600	600	600	600	600
Enrollment			476	476	471	512	525	512	499	517	499	449
Egan Intermediate	1959	2002										
Square Feet			59,488	59,488	59,488	59,488	59,488	59,488	59,488	59,488	59,488	59,488
Capacity			600	600	600	600	600	600	600	600	600	600
Enrollment			537	556	520	560	619	645	658	611	585	568
District Administration	1950	2003										
Square Feet			12,593	12,593	12,593	12,593	12,593	12,593	12,593	12,593	12,593	12,593
Maintenance	2003	n/a										
Square Feet			5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440	5,440

Square Footage reflects permanent buildings only.

Capacity based on average of 25 students per classroom and excludes portable buildings.

Source: District records.

History of Investment Income (Interest Earnings)

By Fund Type

Fiscal Year	General	Special Revenue	Capital Projects	Bond Interest & Redemption	Total, All Funds
2011	\$ 187,685	\$ 1,396	\$ 4,862	\$ 21,010	\$ 214,953
2012	81,499	1,711	2,737	16,100	102,047
2013	71,068	2,196	2,334	13,889	89,487
2014	58,041	1,461	1,612	10,978	72,091
2015	52,978	1,291	757	14,805	69,831
2016	91,378	1,373	10,200	25,073	128,025
2017	135,183	1,185	14,782	38,065	189,214
2018	219,583	2,519	34,503	64,404	321,009
2019	245,990	4,017	56,167	89,895	396,068
2020	342,722	3,790	634,817	150,138	1,131,467

Includes interest earnings in Deferred Maintenance Fund, which in the Statement of Activities are reclassified as Operating Grants & Contributions (per GASB 34).

Source: District records.

LASD Community Demographic Data: 2019 (1)

	District	County	State
Population	44,372	1,927,470	39,283,497
Distribution by Age			
Under 5 Years	4%	6%	6%
5–19 Years	21%	18%	19%
20–44 Years	26%	37%	35%
45–64 Years	30%	26%	25%
65 Years or Older	19%	13%	14%
Median Age	44	37	37
Household Characteristics			
Number of children under 18	10,605	413,511	8,607,148
% Living in Single-Parent Households	9%	23%	33%
Employment			
Unemployment rate for those aged 16+	3.0%	4.3%	6.1%
Income and Wealth			
Median Household Income	\$213,273	\$124,055	\$75,235
Income Per Person	\$113,740	\$56,248	\$36,955
Median Home Value	\$2,000,000+	\$984,000	\$505,000
Total Personal Income	\$4,977,381,025	\$105,611,146,830	\$1,394,640,743,656
Adult Education Attainment Levels			
Adults with H.S. Diploma	97%	88%	83%
Adults with Bachelor's Degree	83%	52%	34%

Source: U.S. Census Bureau, 2015–2019 American Community Survey
<http://factfinder2.census.gov/>

(1) The data is updated annually.

Comparative Birth Data

Calendar Year	LASD		
	Zip Codes	Santa Clara County	California
2010	318	23,936	509,974
2011	309	24,284	502,023
2012	341	24,967	503,788
2013	324	23,867	494,392
2014	302	24,302	502,973
2015	315	23,360	492,284
2016	298	23,834	492,284
2017	280	22,137	471,806
2018	274	21,271	454,244
2019	277	21,176	446,359

Total births by place of mother's residence. Data for Los Altos School District extracted from zip code data.

Source: California Department of Public Health

Miscellaneous Statistics

District Name:	Los Altos School District		
Type of District:	Elementary (K-8)		
Year Founded:	1909		
Area (square miles):	20.64	(est.)	
Population Served:	44,372	(est.)	
Number of Schools:			
Elementary (K-6)	7		
Intermediate (7-8)	2		
Total	9		
Enrollment:			
Elementary (K-6)	2,979	(Fall 2019)	
Intermediate (7-8)	1,017	(Fall 2019)	
Total	3,996		
% of students eligible for free or reduced lunches	6%		
Number of Employees:			
Certificated	242	full-time equivalents	
Classified	168	full-time equivalents	
Management/Confidential	34	full-time equivalents	
Total	444		
Teacher to Pupil Ratio:	17.08		

Source: District records.

State and Federal Award Compliance Section

Los Altos School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2020

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K through three	1,566.86	1,566.86
Grades four through six	1,326.21	1,326.21
Grades seven and eight	991.94	991.94
Regular ADA Totals	3,885.01	3,885.01
Extended year special education:		
Grades TK/K through three	2.91	2.91
Grades four through six	1.99	1.99
Grades seven and eight	0.71	0.71
Special education - nonpublic and nonsectarian:		
Grades TK/K through three	0.89	0.89
Grades four through six	1.72	1.72
Grades seven and eight	3.72	3.72
Extended year special education - nonpublic and nonsectarian:		
Grades TK/K through three	0.10	0.10
Grades four through six	0.16	0.16
Grades seven and eight	0.47	0.47
ADA Totals	3,897.68	3,897.68

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

Los Altos School District
Schedule of Instructional Time Offered
For the Fiscal Year Ended June 30, 2020

Grade Level	Minutes Requirements	2019-20 Actual Minutes	(Unaudited) 2019-20 Original Scheduled Minutes	Actual Number of Days Traditional Calendar	(Unaudited) Scheduled Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	29,740	49,845	123	180	0	In compliance ⁽¹⁾
Grades 1	50,400	35,515	51,575	123	180	0	In compliance ⁽¹⁾
Grades 2	50,400	35,515	51,575	123	180	0	In compliance ⁽¹⁾
Grades 3	50,400	37,935	55,035	123	180	0	In compliance ⁽¹⁾
Grades 4	54,000	37,935	55,035	123	180	0	In compliance ⁽¹⁾
Grades 5	54,000	37,935	55,035	123	180	0	In compliance ⁽¹⁾
Grades 6	54,000	37,935	55,035	123	180	0	In compliance ⁽¹⁾
Grades 7	54,000	37,761	56,529	123	180	0	In compliance ⁽¹⁾
Grades 8	54,000	37,761	56,529	123	180	0	In compliance ⁽¹⁾

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

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District has met or exceeded its target funding.

Los Altos School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

	2021 (Budgeted ¹)	2020	2019	2018
General Fund				
Revenues and other financial sources	\$ 67,346,589	\$ 68,183,949	\$ 69,664,296	\$ 63,518,402
Expenditures	66,285,108	64,693,294	70,396,395	65,841,723
Other uses and transfers (out)	-	-	-	27,304
Total outgo	66,285,108	64,693,294	70,396,395	65,869,027
Change in fund balance	\$ 1,061,481	\$ 3,490,655	\$ (732,099)	\$ (2,350,625)
Beginning fund balance adjustment	\$ -	\$ -	\$ -	\$ -
Ending fund balance	\$ 9,095,659	\$ 8,034,178	\$ 4,543,523	\$ 5,275,622
Available reserves ⁽²⁾	\$ 6,245,868	\$ 7,254,392	\$ 3,886,784	\$ 4,117,440
Available reserves as a percentage of total outgo	9.4%	11.2%	5.5%	6.3%
Total long-term liabilities	\$ 249,801,996	\$ 269,006,215	\$ 141,558,936	\$ 147,287,986
Average daily attendance at P2	3,831	3,898	4,115	4,292

Average daily attendance has decreased by 395 over the past three years. The district anticipates an decrease of 67 ADA.

- (¹) Budget numbers are based on the first adopted budget of the fiscal year 2020/21, which is unaudited.
- (²) Available reserves consists of all unassigned fund balances in the General Fund, which includes the reserve for economic uncertainties. For a district of this size, the State recommends available reserves of at least 3% of total outgo.

Los Altos School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education			
<i>Special Education Cluster</i>			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027 ⁽¹⁾	13379	\$ 839,667
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027 ⁽¹⁾	10115	10,042
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027 ⁽¹⁾	15197	41,471
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173 ⁽¹⁾	13430	28,226
IDEA Preschool Staff Development, Part B, Sec 619	84.173 ⁽¹⁾	13431	214
Total Special Education Cluster			919,620
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	50,636
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	31,325
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	1,367
ESEA (ESSA): Title III, English Learner Student Program	84.365	14346	60,686
TOTAL U. S. DEPARTMENT OF EDUCATION			1,063,634
TOTAL FEDERAL PROGRAMS			\$ 1,063,634

⁽¹⁾ Audited as major program

There were no pass throughs to subrecipients during the year

Los Altos School District
Reconciliation of Annual Financial and Budget Report (SACS)
with Audited Financial Statements
For the Fiscal Year Ended June 30, 2020

	GENERAL FUND	BUILDING FUND	CAPITAL FACILITIES FUND	BOND INTEREST AND REDEMPTION FUND	OTHER ⁽¹⁾ NONMAJOR GOVERNMENTAL FUNDS	CAPITAL ASSETS	LONG TERM LIABILITIES
JUNE 30, 2020 ANNUAL FINANCIAL AND BUDGET REPORT (SACS) FUND BALANCES, CAPITAL ASSETS & LONG TERM LIABILITIES	\$ 4,469,801	\$ 18,947,006	\$ 489,478	\$ 16,341,500	\$ 3,758,898	\$ 82,266,500	\$ 60,551,688
ADJUSTMENTS AND RECLASSIFICATIONS:							
Special Reserve Fund for Other Than Capital Outlay:							
Cash with County Treasury	3,536,061	-	-	-	(3,536,061)	-	-
Accounts receivable	14,501	-	-	-	(14,501)	-	-
Special Reserve Fund for Postemployment Benefits:							
Cash with County Treasury	13,759	-	-	-	(13,759)	-	-
Accounts receivable	56	-	-	-	(56)	-	-
Additions to Land	-	-	-	-	-	111,773,591	-
Additions to buildings and improvements	-	-	-	-	-	1,973,456	-
Additions to furniture and equipment	-	-	-	-	-	2,262,559	-
Depreciation adjustment for capital assets	-	-	-	-	-	(199,658)	-
Adjustments to beginning long-term liabilities for:							
Unamortized bond premium	-	-	-	-	-	-	4,596,243
Bond anticipation notes	-	-	-	-	-	-	10,000,000
Net pension liability	-	-	-	-	-	-	64,535,048
General Obligation Bonds	-	-	-	-	-	-	55,185,000
Unamortized bond premium	-	-	-	-	-	-	4,780,512
Bond anticipation notes	-	-	-	-	-	-	69,000,000
Net pension liability	-	-	-	-	-	-	578,333
Site lease purchase obligations	-	-	-	-	-	-	(220,609)
JUNE 30, 2020 AUDITED FINANCIAL STATEMENTS FUND BALANCES, CAPITAL ASSETS & LONG TERM LIABILITIES	<u>\$ 8,034,178</u>	<u>\$ 18,947,006</u>	<u>\$ 489,478</u>	<u>\$ 16,341,500</u>	<u>\$ 194,521</u>	<u>\$ 198,076,448</u>	<u>\$ 269,006,215</u>

⁽¹⁾The audited fund balance includes the following fund(s):

Deferred maintenance fund	<u>\$ 194,521</u>
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Notes to State and Federal Award Compliance Section

Note 1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time Offered

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

C. 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.

D. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

Note 2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

Note 3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The following schedule provides a reconciliation between expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Description	Amount
Federal expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance:	\$ 1,191,132
Coronavirus Relief Fund (CRF): Learning Loss Mitigation, Resource Code 3220, PCA 25516	<u>(127,498)</u>
Total Expenditures Schedule of Expenditures of Federal Awards	<u>\$ 1,063,634</u>

Note 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.



Chavan and Associates, LLP
Certified Public Accountants

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

Board of Trustees
Los Altos School District
Los Altos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Altos School District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A UP

March 25, 2021

San Jose, California



Chavan and Associates, LLP
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

Board of Trustees
Los Altos School District
Los Altos, California

Report on Compliance for Each Major Federal Program

We have audited Los Altos School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such

that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



March 25, 2021
San Jose, California



Chavan and Associates, LLP

Certified Public Accountants

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

Board of Trustees
Los Altos School District
Los Altos, California

Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A

<u>Description</u>	<u>Procedures Performed</u>
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

Opinion

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



March 25, 2021
San Jose, California

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:		
Material weaknesses?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance over major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<u> </u> Yes	<u> X </u> No
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Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec 611
84.027	IDEA Local Assistance, Part B, Sec 611, Private School ISPs
84.027	IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)
84.173	IDEA Preschool Staff Development, Part B, Sec 619

Dollar threshold used to distinguish between type A and type B programs:	\$ <u> </u> 750,000
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Auditee qualified as low risk auditee?	<u> X </u> Yes	<u> </u> No
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State Awards

Internal control over state programs:		
Material weaknesses?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance over state programs:

Unmodified

Section II - Financial Statement Findings

None

Section III – Federal Awards Findings

None

Section IV – State Awards Findings

None

Schedule of Prior Year Findings and Recommendations

Section II - Financial Statement Findings

None

Section III – Federal Awards Findings

None

Section IV – State Awards Findings

Finding 2019-001: Comprehensive School Safety Plan (40000)

Criteria or Specific Requirements: Pursuant to Education Code Section 32288, prior to adopting its comprehensive school safety plan, the schoolsite council or school safety planning committee shall hold a public meeting at the schoolsite in order to allow members of the public the opportunity to express an opinion about the school safety plan. The schoolsite council or school safety planning committee shall notify, in writing, the following persons and entities, if available, of the public meeting: local mayor, representative of the local school employee organization, representative of each parent organization at the school site, representative of each teacher organization at the school site, representative of the student body government, and all persons who have indicated they want to be notified.

Condition: During testing of the District's comprehensive school safety plans, we noted that the school safety plans for Egan & Springer did not have evidence of having been properly adopted by the schoolsite council or school safety planning committee, as required by education code 32288.

Questioned Costs: None.

Effect: The District was not in compliance with the Education Code Section 32288.

Cause: The District did not have proper internal controls in place to ensure all requirements of the Comprehensive School Safety Plan were followed.

Recommendation: We recommend that the District review the requirements of Education Code 32288. We also recommend that the District review the California Department of Education mandates related to this Education Code, by following their checklist for developing a comprehensive school safety plan, which includes the mandate for the plan to be reviewed, updated, and approved by March 1st each year.

Corrective Action Plan: The District agrees with this recommendation and will be more diligent about following the CDE-developed checklist for reviewing, updating and approving the safety plan.

Status: Implemented