

**LAS VIRGENES UNIFIED
SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2015**



LAS VIRGENES UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2015

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities.....	12
Governmental Funds Financial Statements:	
Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Proprietary Fund Financial Statements:	
Statement of Net Position.....	17
Statement of Revenues, Expenses and Changes in Fund Net Position.....	18
Statement of Cash Flows.....	19
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position.....	20
Notes to Financial Statements.....	21

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund.....	48
Schedule of Funding Progress.....	49
Schedule of Proportionate Share of the Net Pension Liability.....	50
Schedule of Contributions.....	51
Notes to the Required Supplementary Information.....	52

SUPPLEMENTARY INFORMATION

Local Educational Agency Organization Structure.....	53
Schedule of Average Daily Attendance.....	54
Schedule of Instructional Time.....	55
Schedule of Financial Trends and Analysis.....	56
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	57
Schedule of Expenditures of Federal Awards.....	58
General Fund Selected Financial Information Three-Year Summary of Revenues, Expenditures, and Changes in Fund Balance.....	59
Note to the Supplementary Information.....	60

LAS VIRGENES UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2015

Table of Contents

OTHER INDEPENDENT AUDITORS' REPORTS

Page

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.....61

Independent Auditors' Report on State Compliance63

Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.....65

FINDINGS AND QUESTIONED COSTS

Schedule of Audit Findings and Questioned Costs:

 Summary of Auditors' Results67

 Current Year Audit Findings and Questioned Costs68

 Summary Schedule of Prior Audit Findings71

Management Letter72

Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
Las Virgenes Unified School District
Calabasas, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Las Virgenes Unified School District, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Las Virgenes Unified School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.I. to the basic financial statements, the District has changed its method for accounting and reporting for pensions during fiscal year 2014-15 due to the adoption of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27" and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68". The adoption of these standards required retrospective application resulting in a \$87,317,295 reduction of previously reported net position at July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

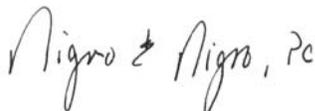
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, budgetary comparison information on page 48, schedule of funding progress on page 49, schedule of proportionate share of the net pension liability on page 50, and schedule of contributions on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information on pages 53 to 57 and the schedule of expenditures of federal awards on page 58, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 60 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2015, 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.



Murrieta, California
November 26, 2015

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

This discussion and analysis of Las Virgenes Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's combined fund balances decreased by \$1.1 million, primarily due to increased spending in the General Fund.
- The District's overall financial status declined from last year, as the net position decreased by 22.5% to \$(35.9) million for governmental activities. This change is primarily due to the District's proportionate share of CalSTRS and CalPERS funding shortfalls.
- Total governmental revenues were \$118.4 million, \$6.6 million less than expenses.
- The total cost of basic programs was \$125.0 million. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was \$107.5 million.
- Average daily attendance (grades K-12) increased by 131, or 1.2%.

NET PENSION LIABILITY

The implementation of GASB 68 during the 2014-15 fiscal year has caused the District to record a liability, deferred inflows and deferred outflows, in the government-wide financial statements in the current year which were not previously reported. These items are related to the CalSTRS and CalPERS pension plans, which the District is required to participate. As a participating employer in these pension plans, the District must now report its proportionate share of the plans' unfunded liabilities. However, the District's required contributions to the plans are not determined by the District. Rather, the contributions are set by legislation or the pension plan itself. The proportionate share percentage is determined by comparing the District's contributions to the plan against total plan contributions. This liability is described further in Note 11 to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

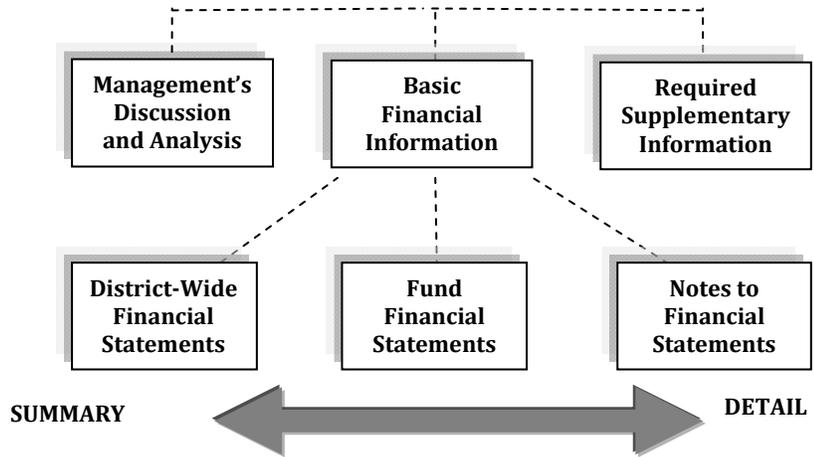
- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (enterprise funds) are provided in the *proprietary fund statements*.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Las Virgenes Unified School District's Annual Financial Report



LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds and food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses & Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- *Proprietary funds* – Proprietary funds use full accrual basis of accounting. Enterprise funds are considered business-type activities and are reported under a full accrual method. This is the same basis as business-type activities; therefore, no reconciling entries are required.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2015, than it was the year before – decreasing 22.5% to \$(35.9) million (See Table A-1). The table below has segregated the items related to the net pension liability to make year over year comparisons more useful.

Table A-1

	Governmental Activities (In millions)		Variance Increase (Decrease)	Business-Type Activities (In millions)	
	2015	2014*		2015	2014
Current assets	\$ 66.5	\$ 63.0	\$ 3.5	\$ 0.6	\$ 0.6
Capital assets	224.4	232.3	(7.9)	-	-
Total assets	290.9	295.3	(4.4)	0.6	0.6
Total deferred outflows	1.3	0.2	1.1	-	-
Current liabilities	13.7	9.7	4.0	0.1	0.1
Long-term liabilities	226.6	227.7	(1.1)	-	-
Total liabilities	240.3	237.4	2.9	0.1	0.1
Total deferred inflows	20.3	-	20.3	-	-
Net position					
Net investment in capital assets	66.0	68.4	(2.4)	0.1	-
Restricted	26.0	26.6	(0.6)	0.4	0.5
Unrestricted	(40.2)	(36.9)	(3.3)	-	-
Total net position, before net pension liability	51.8	58.1	(6.3)	\$ 0.5	\$ 0.5
Amounts related to the net pension liability					
Deferred outflows	6.0	5.3	0.7		
Net pension liability	(73.4)	(92.7)	19.3		
Deferred inflows	(20.3)	-	(20.3)		
Total net position	\$ (35.9)	\$ (29.3)	\$ (6.6)		

*Restated

Changes in net position, governmental activities. The District's total revenues increased 7.1% to \$118.4 million (See Table A-2). The increase is due primarily to increases in state funding.

The total cost of all programs and services increased 8.7% to \$125.0 million. The District's expenses are predominantly related to educating and caring for students, 78.7%. The purely administrative activities of the District accounted for just 3.7% of total costs. A significant contributor to the increase in costs was an increase in personnel costs for increased services.

Table A-2

	Governmental Activities (In millions)		Variance Increase (Decrease)	Business-Type (In millions)		Variance Increase (Decrease)
	2015	2014		2015	2014	
Total Revenues	\$ 118.4	\$ 110.5	\$ 7.9	\$ 1.9	\$ 1.9	\$ -
Total Expenses	125.0	115.0	10.0	1.9	1.9	-
Increase (decrease) in net position	\$ (6.6)	\$ (4.5)	\$ (2.1)	\$ -	\$ -	\$ -

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$53.5 million, which is below last year's ending fund balance of \$54.6 million. The primary cause of the decreased fund balance is increased spending across all funds.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$3.0 million primarily to reflect increased LCFF funding.
- Salaries and benefits costs – increased by \$3.4 million due to changes in the collective bargaining agreements.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$2.7 million, the actual results for the year show that revenues fell short of expenditures by only \$1.3 million. Actual revenues were \$1.3 million more than anticipated, and expenditures were in-line with budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014-15, the District had invested \$0.8 million in new capital assets, related to Measure G. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year exceeded \$8.6 million.

Table A-3: Capital Assets at Year-End, net of depreciation

	Governmental Activities		Variance Increase (Decrease)
	(In millions)		
	2015	2014	
Land	\$ 14.9	\$ 14.9	\$ -
Land improvements	5.4	5.9	(0.5)
Buildings	201.3	208.3	(7.0)
Equipment	2.4	3.2	(0.8)
Construction in progress	0.4	-	0.4
Total	\$ 224.4	\$ 232.3	\$ (7.9)

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end the District had approximately \$300.0 million in general obligation bonds, certificates of participation, compensated absences, early retirement incentives, and employment benefits – a decrease from last year – as shown in Table A-4. (More detailed information about the District's long-term liabilities can be found in Note 7 to the financial statements).

Table A-4: Outstanding Long-Term Debt at Year-End

	Governmental Activities (In millions)		Variance Increase
	2015	2014*	(Decrease)
General obligation bonds	\$ 204.6	\$ 207.3	\$ (2.7)
Certificates of participation	11.1	11.4	(0.3)
Compensated absences	0.8	0.8	-
Early retirement incentive	0.3	0.1	0.2
Other postemployment benefits	9.8	8.1	1.7
Net pension liability	73.4	92.7	(19.3)
Total	<u>\$ 300.0</u>	<u>\$ 320.4</u>	<u>\$ (20.4)</u>

*Restated

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget Actions

On June 16, 2015, the Governor, the Senate President pro Tempore, and the Speaker of the Assembly announced a budget agreement. The Legislature passed the budget bill and related legislation on Friday, June 19. The budget agreement relies on the administration's May 2015 estimates of (1) General Fund revenues, (2) the Proposition 98 minimum guarantee for schools and community colleges, and (3) budget reserve and debt payment requirements under Proposition 2. School and community college funding is the centerpiece of the agreement, as administration estimates of the Proposition 98 minimum guarantee have increased substantially over June 2014 levels. With savings resulting from (1) rejection of various administration proposals, (2) an error in the administration's Medi-Cal estimates, (3) legislative changes made to the Middle-Class Scholarship Program, and (4) other legislative actions, the agreement makes modest augmentations outside of Proposition 98 above May Revision levels.

Local Factors

On November 3, 2015, the voters of the Las Virgenes Unified School District approved Measure E, the renewal of the District's parcel tax. This measure provides for the continuance of a \$2.3 million annual revenue stream to the District to help ensure continued excellence from our schools. The parcel tax supports critical areas, such as:

- Core programs in math, science, and technology
- Core programs in reading, arts, theater, and music
- Keeping textbooks and instructional materials up-to-date
- Funding for athletic programs
- Maintaining smaller class sizes

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

All of these factors were considered in preparing the Las Virgenes Unified School District budget for the 2015-16 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karen Kimmel, Assistant Superintendent of Business Services, at Las Virgenes Unified School District, 4111 N. Las Virgenes Road, Calabasas, California, 91302 or by calling (818) 878-5203.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 61,081,363	\$ 408,163	\$ 61,489,526
Accounts receivable	5,299,321	49,761	5,349,082
Inventories	136,531	47,194	183,725
Prepaid expenditures	11,727	-	11,727
Non-depreciable assets	15,206,734	-	15,206,734
Depreciable assets	301,782,150	512,704	302,294,854
Less, accumulated depreciation	(92,573,565)	(438,300)	(93,011,865)
Total assets	<u>290,944,261</u>	<u>579,522</u>	<u>291,523,783</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts contributed after the measurement date	5,977,032	-	5,977,032
Deferred amount on refunding	1,357,567	-	1,357,567
Total deferred outflows	<u>7,334,599</u>	<u>-</u>	<u>7,334,599</u>
LIABILITIES			
Accounts payable	12,626,583	117,081	12,743,664
Unearned revenue	1,240,729	-	1,240,729
Long-term liabilities, due or payable within one year	11,746,203	-	11,746,203
Long-term liabilities, due or payable after one year	288,219,542	-	288,219,542
Total liabilities	<u>313,833,057</u>	<u>117,081</u>	<u>313,950,138</u>
DEFERRED INFLOWS OF RESOURCES			
Differences between projected and actual earnings on plan investments	19,688,610	-	19,688,610
Adjustment due to differences in proportions	643,938	-	643,938
Total deferred inflows	<u>20,332,548</u>	<u>-</u>	<u>20,332,548</u>
NET POSITION			
Net investment in capital assets	65,964,118	74,404	66,038,522
Restricted for:			
Capital projects	6,568,320	-	6,568,320
Debt service	16,662,478	-	16,662,478
Educational programs	2,797,612	-	2,797,612
Nutritional services	-	388,037	388,037
Unrestricted	(127,879,273)	-	(127,879,273)
Total net position	<u>\$ (35,886,745)</u>	<u>\$ 462,441</u>	<u>\$ (35,424,304)</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional Services:						
Instruction	\$ 78,123,181	\$ 445,224	\$ 9,915,384	\$ (67,762,573)	\$ -	\$ (67,762,573)
Instruction-Related Services:						
Supervision of instruction	1,672,589	9,211	447,547	(1,215,831)	-	(1,215,831)
Instructional library, media and technology	2,374,557	22,886	36,918	(2,314,753)	-	(2,314,753)
School site administration	7,819,614	72	209,951	(7,609,591)	-	(7,609,591)
Pupil Support Services:						
Home-to-school transportation	2,301,083	19,138	504,367	(1,777,578)	-	(1,777,578)
All other pupil services	6,147,914	87,836	1,394,742	(4,665,336)	-	(4,665,336)
General Administration Services:						
Data processing services	86,407	-	-	(86,407)	-	(86,407)
Other general administration	4,483,041	16,373	304,110	(4,162,558)	-	(4,162,558)
Plant services	9,428,906	76,524	87,421	(9,264,961)	-	(9,264,961)
Ancillary services	835,379	-	12,209	(823,170)	-	(823,170)
Transfers between agencies	524,429	-	-	(524,429)	-	(524,429)
Interest on long-term debt	11,228,163	-	-	(11,228,163)	-	(11,228,163)
Other outgo	-	1,761,828	2,143,909	3,905,737	-	3,905,737
Total Governmental Activities	125,025,263	2,439,092	15,056,558	(107,529,613)	-	(107,529,613)
Business-Type Activities:						
Food Services	1,907,593	1,545,930	391,154	-	29,491	29,491
Total Business-Type Activities	1,907,593	1,545,930	391,154	-	29,491	29,491
Total	\$ 126,932,856	\$ 3,985,022	\$ 15,447,712	(107,529,613)	29,491	(107,500,122)
General Revenues:						
Property taxes				57,810,187	-	57,810,187
Federal and state aid not restricted to specific purpose				36,307,220	-	36,307,220
Interest and investment earnings				124,973	1,917	126,890
Rental income				2,224,934	-	2,224,934
Miscellaneous				4,378,080	-	4,378,080
Total general revenues				100,845,394	1,917	100,847,311
Change in net position				(6,684,219)	31,408	(6,652,811)
Net position - July 1, 2014, as originally stated				58,114,769	487,353	58,602,122
Adjustment for restatement (Note 1.I and Note 13)				(87,317,295)	(56,320)	(87,373,615)
Net position - July 1, 2014, restated				(29,202,526)	431,033	(28,771,493)
Net position - June 30, 2015				\$ (35,886,745)	\$ 462,441	\$ (35,424,304)

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS						
Cash	\$ 25,383,307	\$ 10,513,913	\$ 6,547,701	\$ 16,662,478	\$ 1,574,689	\$ 60,682,088
Accounts receivable	4,352,276	34,475	20,799	-	4,011	4,411,561
Inventories	136,531	-	-	-	-	136,531
Prepaid expenditures	11,727	-	-	-	-	11,727
Total Assets	<u>\$ 29,883,841</u>	<u>\$ 10,548,388</u>	<u>\$ 6,568,500</u>	<u>\$ 16,662,478</u>	<u>\$ 1,578,700</u>	<u>\$ 65,241,907</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 10,314,556	\$ 134,532	\$ 180	\$ -	\$ 65,127	\$ 10,514,395
Unearned revenue	1,240,729	-	-	-	-	1,240,729
Total Liabilities	11,555,285	134,532	180	-	65,127	11,755,124
Fund Balances						
Nonspendable	174,858	-	-	-	-	174,858
Restricted	2,797,612	10,413,856	6,568,320	16,662,478	-	36,442,266
Committed	6,999,769	-	-	-	1,513,573	8,513,342
Assigned	742,286	-	-	-	-	742,286
Unassigned	7,614,031	-	-	-	-	7,614,031
Total Fund Balances	<u>18,328,556</u>	<u>10,413,856</u>	<u>6,568,320</u>	<u>16,662,478</u>	<u>1,513,573</u>	<u>53,486,783</u>
Total Liabilities and Fund Balances	<u>\$ 29,883,841</u>	<u>\$ 10,548,388</u>	<u>\$ 6,568,500</u>	<u>\$ 16,662,478</u>	<u>\$ 1,578,700</u>	<u>\$ 65,241,907</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015*

Total fund balances - governmental funds		\$ 53,486,783
Amounts reported for governmental <i>activities</i> in the statement of net position are different because capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$316,988,884, and the accumulated depreciation is (\$92,573,565).		224,415,319
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The net OPEB liability at the end of the period was:		(9,806,783)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(2,112,188)
In governmental funds, interest subsidies received from Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The federal interest subsidies included in accounts receivable in the government-wide statements were:		886,565
In the government-wide statements funds deferred amounts on refunding are recognized as a deferred outflow of resources and amortized over the life of the defeased debt. Unamortized deferred amounts included on the statement of net position are:		1,357,567
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
	Net pension liability	73,360,617
	General obligation bonds payable	204,611,022
	Certificates of participation payable	11,117,890
	Compensated absences payable	833,133
	Supplementary retirement plan	236,300
		(290,158,962)
In governmental funds, deferred outflows and inflows of resources relating to pension are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:		
	Deferred outflows	5,977,032
	Deferred inflows	(20,332,548)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service fund is:		400,470
Total net position - governmental activities		\$ (35,886,745)

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2015

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total Governmental Funds
REVENUES						
LCFF sources	\$ 74,811,839	\$ -	\$ -	\$ -	\$ -	\$ 74,811,839
Federal sources	3,242,025	-	-	1,960,269	-	5,202,294
Other state sources	10,923,398	-	-	63,908	-	10,987,306
Other local sources	11,784,823	74,093	944,941	14,007,958	9,600	26,821,415
Total Revenues	<u>100,762,085</u>	<u>74,093</u>	<u>944,941</u>	<u>16,032,135</u>	<u>9,600</u>	<u>117,822,854</u>
EXPENDITURES						
Current:						
Instruction	67,651,761	-	-	-	-	67,651,761
Instruction-Related Services:						
Supervision of instruction	1,632,491	-	-	-	-	1,632,491
Instructional library, media and technology	2,364,800	-	-	-	-	2,364,800
School site administration	7,666,649	-	-	-	-	7,666,649
Pupil Support Services:						
Home-to-school transportation	2,301,085	-	-	-	-	2,301,085
All other pupil services	5,968,802	-	-	-	-	5,968,802
Ancillary Services	828,431	-	-	-	-	828,431
General Administration Services:						
Data processing services	86,407	-	-	-	-	86,407
Other general administration	3,992,665	-	26,809	-	-	4,019,474
Transfers of Indirect Costs	57,620	-	-	-	-	57,620
Plant services	8,472,840	-	-	-	634,319	9,107,159
Capital Outlay	6,398	941,564	106,913	-	10,735	1,065,610
Intergovernmental Transfers	524,429	-	-	-	-	524,429
Debt Service:						
Issuance costs	-	-	-	309,987	-	309,987
Principal	-	-	280,000	7,106,365	-	7,386,365
Interest	131,272	-	400,523	7,778,216	-	8,310,011
Total Expenditures	<u>101,685,650</u>	<u>941,564</u>	<u>814,245</u>	<u>15,194,568</u>	<u>645,054</u>	<u>119,281,081</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(923,565)</u>	<u>(867,471)</u>	<u>130,696</u>	<u>837,567</u>	<u>(635,454)</u>	<u>(1,458,227)</u>
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	-	-	-	425,000	425,000
Interfund transfers out	(425,000)	-	-	-	-	(425,000)
Proceeds from refunding bonds	-	-	-	27,255,000	-	27,255,000
Premium on issuance	-	-	-	4,597,617	-	4,597,617
Transfer to escrow agent for defeased debt	-	-	-	(31,542,630)	-	(31,542,630)
Total Other Financing Sources and Uses	<u>(425,000)</u>	<u>-</u>	<u>-</u>	<u>309,987</u>	<u>425,000</u>	<u>309,987</u>
Net Change in Fund Balances	(1,348,565)	(867,471)	130,696	1,147,554	(210,454)	(1,148,240)
Fund Balances, July 1, 2014	<u>19,677,121</u>	<u>11,281,327</u>	<u>6,437,624</u>	<u>15,514,924</u>	<u>1,724,027</u>	<u>54,635,023</u>
Fund Balances, June 30, 2015	<u>\$ 18,328,556</u>	<u>\$ 10,413,856</u>	<u>\$ 6,568,320</u>	<u>\$ 16,662,478</u>	<u>\$ 1,513,573</u>	<u>\$ 53,486,783</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Total net change in fund balances - governmental funds \$ (1,148,240)

Amounts reported for governmental *activities* in the statement of activities are different because:

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. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	804,018	
Depreciation expense	<u>(8,674,928)</u>	(7,870,910)

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 36,406,365

In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The increase in the net OPEB liability at the end of the period was: (1,643,485)

In governmental funds, if debt is issued at a premium or a discount it is recognized as an other financing source or use in the period it is incurred. In the government-wide statements, the premium and discount are amortized over the life of the debt. Amortization of premiums and discounts for the period were: (2,901,982)

In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as an increase to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (27,255,000)

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statements, however, this is recorded as interest expense for the period. Accreted interest additions less accreted interest paid during the year was: (3,315,282)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of payment for refunded bonds which have been defeased. In the governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the life of the refunded debt. The difference between current year charges and current year amortization is: 1,187,796

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (395,979)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 346,313

In governmental funds, interest subsidies received from Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The federal interest accrued at the end of the period, less the interest received during the period but earned from the prior period was: (24,090)

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time. This year, such liabilities increased by: (159,300)

In the statement of activities, compensated absences are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*.) (6,346)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 98,780

Change in net position of governmental activities \$ (6,681,360)

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2015

	Governmental Activities: Internal Service Self-Insurance Fund	Business-Type Activities: Enterprise Fund Food Services
ASSETS		
Cash	\$ 399,275	\$ 408,163
Accounts receivable	1,195	49,761
Stores inventories	-	47,194
Capital assets	-	512,704
Less, accumulated depreciation	-	(438,300)
Total assets	<u>400,470</u>	<u>579,522</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	117,081
Total liabilities	<u>-</u>	<u>117,081</u>
NET POSITION		
Net investment in capital assets	-	74,404
Restricted	400,470	388,037
Total net position	<u>\$ 400,470</u>	<u>\$ 462,441</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2015*

	Governmental Activities: Internal Service Self-Insurance Fund	Business-Type Activities: Enterprise Fund Food Services
OPERATING REVENUES		
Charges for services	\$ 98,701	\$ 1,545,930
Federal grants	-	369,735
Other grants	-	21,419
Total operating revenues	98,701	1,937,084
OPERATING EXPENSES		
Classified salaries	-	775,292
Employee benefits	2,190	299,529
Books and supplies	-	725,936
Services and other operating expenditures	-	44,551
Transfers of indirect costs	-	57,620
Depreciation	-	4,665
Total operating expenses	2,190	1,907,593
Operating income (loss)	96,511	29,491
NON-OPERATING REVENUES		
Interest income	2,269	1,917
Change in net position	98,780	31,408
Net position, July 1, 2014, as originally stated	301,690	487,353
Adjustment for restatement (Note 13)	-	(56,320)
Net position, July 1, 2014, as restated	301,690	431,033
Net position, June 30, 2015	\$ 400,470	\$ 462,441

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Governmental Activities: Internal Service Self-Insurance Fund	Business-Type Activities: Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	\$ -	\$ 1,960,448
Self insurance premiums	98,701	-
Cash paid for operating expenses	(2,190)	(1,932,533)
Net cash provided (used) by operating activities	<u>96,511</u>	<u>27,915</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid to acquire capital assets	-	(72,030)
Interest on investments	1,556	2,024
Net cash provided (used) by investing activities	<u>1,556</u>	<u>(70,006)</u>
Net increase in cash	98,067	(42,091)
Cash, July 1, 2014	<u>301,208</u>	<u>450,254</u>
Cash, June 30, 2015	<u>\$ 399,275</u>	<u>\$ 408,163</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 96,511	\$ 29,491
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:		
Depreciation	-	4,665
Changes in assets and liabilities:		
Increase in accounts receivable	-	23,364
Decrease in stores inventories	-	(10,903)
Increase in accounts payable	-	(18,702)
Net cash provided (used) by operating activities	<u>\$ 96,511</u>	<u>\$ 27,915</u>

NONCASH, NONCAPITAL FINANCING ACTIVITIES

During the year, the District received \$72,375 of food commodities from the U.S. Department of Agriculture.

LAS VIRGENES UNIFIED SCHOOL DISTRICT*Statement of Fiduciary Net Position**June 30, 2015*

	Agency Funds		Total
	Payroll Clearance Fund	Student Body Funds	
Assets			
Cash	\$ 992,480	\$ 1,155,804	\$ 2,148,284
Inventories	-	28,433	28,433
Total Assets	<u>\$ 992,480</u>	<u>\$ 1,184,237</u>	<u>\$ 2,176,717</u>
Liabilities			
Accounts payable	\$ -	\$ 1,088	\$ 1,088
Due to student groups	-	1,183,149	1,183,149
Due to regulatory agencies	992,480	-	992,480
Total Liabilities	<u>\$ 992,480</u>	<u>\$ 1,184,237</u>	<u>\$ 2,176,717</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Las Virgenes Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Las Virgenes Unified School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Fund Financial Statements (continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This 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.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

Bond Interest and Redemption Fund: This fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Fund:

Deferred Maintenance Fund: This fund is used to account for resources committed to major repair or replacement of District property.

Proprietary Funds

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

Self-Insurance Fund: This fund may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a dental program that is accounted for in a self-insurance service fund.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Proprietary Funds (continued)

Enterprise Funds: These funds are used to account for any activity for which a fee is charged to external users for goods or services. An enterprise fund must be used if the District's policy is to establish activity fees or charges designed to recover the cost of providing services. The District maintains one enterprise fund:

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary funds:

Agency Funds: These funds are used to account for assets of others for which the District acts as an agent. The "due to regulatory agencies" account within the payroll clearing fund is used to record dedicated funds for payroll and related expenses. The District also maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District that maintain a student body fund.

2. Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, 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. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data

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

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

D. Encumbrances

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

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Cash Equivalents

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

2. Inventories

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is to recognize contributions made to the pension plan after the measurement date of the net pension liability. The second is deferred amount on refunding, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has two items that are reported as deferred inflows of resources. These items recognize the District's proportionate share of the deferred inflows of resources related to its pension plans as more fully described in the footnote entitled "Pension Plans".

6. Compensated Absences

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

7. Pensions

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

8. Fund Balances

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

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

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

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

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Fund Balances (continued)

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

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

9. Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy, which states that the Board intends to maintain a minimum fund balance of 3% of the District's general fund annual operating expenditures. If a fund balance drops below 3%, it shall be recovered at a rate of .5% minimally, each year.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

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

H. Use of Estimates

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

I. New GASB Pronouncements

During the 2014-15 fiscal year, the following GASB Pronouncements became effective:

1. **Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 (Issued 06/12)***

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

1. Statement No. 68 (continued)

Cost-Sharing Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68 (Issued 11/13)*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net position liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

2. Statement No. 71 (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

3. Cumulative Effect of Change in Accounting Principle

Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards was to decrease the net position at July 1, 2013 by \$87,317,295, which is the amount of net pension liability, net of the deferred outflows of resources related to pensions at July 1, 2014.

NOTE 2 – CASH

Cash at June 30, 2015, is reported at fair value and consisted of the following:

	Governmental Activities		Total Governmental	Business Type	Fiduciary Funds
	Governmental Funds	Internal Service Fund		Activities: Enterprise Fund	
Pooled Funds:					
Cash in county treasury	\$ 60,664,548	\$ 399,275	\$ 61,063,823	\$ 347,232	\$ 992,480
Deposits:					
Cash on hand and in banks	-	-	-	57,186	1,155,804
Cash in revolving fund	17,540	-	17,540	3,745	-
Total Deposits	17,540	-	17,540	60,931	1,155,804
Total Cash	\$ 60,682,088	\$ 399,275	\$ 61,081,363	\$ 408,163	\$ 2,148,284

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 2 – CASH (continued)

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2015, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

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

As of June 30, 2015, \$848,670 of the District’s bank balance was exposed to custodial credit risk because it was uninsured. However, the entire bank balance collateralized with securities held by the pledging financial institution’s trust department or agency, but not in the name of the District.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015, consisted of the following:

	Governmental Funds				Totals	Internal Service Fund	Enterprise Fund
	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds		Self-Insurance Fund	Food Services
Federal Government:							
Categorical aid programs	\$ 1,288,601	\$ -	\$ -	\$ -	\$ 1,288,601	\$ -	\$ 45,400
State Government:							
Lottery	927,325	-	-	-	927,325	-	-
Categorical aid programs	1,097,288	-	-	-	1,097,288	-	-
Other state resources	-	-	-	-	-	-	3,054
Local:							
Interest	-	34,475	20,799	4,011	59,285	1,195	886
ROP program	467,638	-	-	-	467,638	-	-
Miscellaneous	557,474	-	-	-	557,474	-	421
Other local resources	13,950	-	-	-	13,950	-	-
Total	\$ 4,352,276	\$ 34,475	\$ 20,799	\$ 4,011	\$ 4,411,561	\$ 1,195	\$ 49,761

NOTE 4 – INTERFUND TRANSACTIONS

Transfers To/From Other Funds

Transfers to/from other funds at June 30, 2015, consisted of the following:

General Fund transfer to Deferred Maintenance Fund for deferred maintenance match	<u>\$ 425,000</u>
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LAS VIRGENES UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 5 – FUND BALANCES

At June 30, 2015, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total
Nonspendable:						
Revolving cash	\$ 26,600	\$ -	\$ -	\$ -	\$ -	\$ 26,600
Stores inventories	136,531	-	-	-	-	136,531
Prepaid expenditures	11,727	-	-	-	-	11,727
Total Nonspendable	174,858	-	-	-	-	174,858
Restricted:						
Categorical programs	2,797,612	-	-	-	-	2,797,612
Capital projects	-	10,413,856	6,568,320	-	-	16,982,176
Debt service	-	-	-	16,662,478	-	16,662,478
Total Restricted	2,797,612	10,413,856	6,568,320	16,662,478	-	36,442,266
Committed:						
Early retirement incentive	460,000	-	-	-	-	460,000
School site carryover	309,677	-	-	-	-	309,677
Categorical carryover	161,092	-	-	-	-	161,092
Unfunded STRS/PERS increase	6,069,000	-	-	-	-	6,069,000
Deferred maintenance program	-	-	-	-	1,513,573	1,513,573
Total Committed	6,999,769	-	-	-	1,513,573	8,513,342
Assigned:						
Employee vacation accrual	742,286	-	-	-	-	742,286
Total Assigned	742,286	-	-	-	-	742,286
Unassigned:						
Reserve for economic uncertainties	2,990,937	-	-	-	-	2,990,937
Remaining unassigned balances	4,623,094	-	-	-	-	4,623,094
Total Unassigned	7,614,031	-	-	-	-	7,614,031
Total	\$ 18,328,556	\$ 10,413,856	\$ 6,568,320	\$ 16,662,478	\$ 1,513,573	\$ 53,486,783

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Retirements	Balance, June 30, 2015
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 14,853,507	\$ -	\$ -	\$ 14,853,507
Construction in progress	-	353,227	-	353,227
Total capital assets not being depreciated	<u>14,853,507</u>	<u>353,227</u>	<u>-</u>	<u>15,206,734</u>
Capital assets being depreciated:				
Land Improvements	16,403,675	-	-	16,403,675
Infrastructure	90,000	-	-	90,000
Buildings and Improvements	272,745,555	325,603	-	273,071,158
Equipment	12,092,129	125,188	-	12,217,317
Total capital assets being depreciated	<u>301,331,359</u>	<u>450,791</u>	<u>-</u>	<u>301,782,150</u>
Accumulated depreciation for:				
Land Improvements	(10,465,169)	(532,974)	-	(10,998,143)
Infrastructure	(90,000)	-	-	(90,000)
Buildings and Improvements	(64,426,170)	(7,386,267)	-	(71,812,437)
Equipment	(8,917,298)	(755,687)	-	(9,672,985)
Total accumulated depreciation	<u>(83,898,637)</u>	<u>(8,674,928)</u>	<u>-</u>	<u>(92,573,565)</u>
Total capital assets being depreciated, net	<u>217,432,722</u>	<u>(8,224,137)</u>	<u>-</u>	<u>209,208,585</u>
Governmental activities capital assets, net	<u>\$ 232,286,229</u>	<u>\$ (7,870,910)</u>	<u>\$ -</u>	<u>\$ 224,415,319</u>
Business-Type Activities				
Capital assets being depreciated:				
Equipment	\$ 440,674	\$ 72,030	\$ -	\$ 512,704
Accumulated depreciation for:				
Equipment	(433,635)	(4,665)	-	(438,300)
Business-Type activities capital assets, net	<u>\$ 7,039</u>	<u>\$ 67,365</u>	<u>\$ -</u>	<u>\$ 74,404</u>

Depreciation expense is allocated to the following functions on the statement of activities:

Governmental Activities:	
Instruction	\$ 8,154,432
All other general administration	477,121
Plant services	43,375
Total governmental activities depreciation expense	<u>\$ 8,674,928</u>
Business-Type Activities:	
Food services	\$ 4,665
Total depreciation expense	<u>\$ 8,679,593</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2015, were as follows:

	*Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	\$ 157,579,491	\$ 27,255,000	\$ 36,126,365	\$ 148,708,126	\$ 8,279,833
Accreted interest component	43,548,573	5,648,917	2,333,635	46,863,855	2,560,167
Unamortized issuance premium	6,139,107	4,597,617	1,697,683	9,039,041	518,051
Total - Bonds	<u>207,267,171</u>	<u>37,501,534</u>	<u>40,157,683</u>	<u>204,611,022</u>	<u>11,358,051</u>
Certificates of Participation:					
Principal repayments	11,445,000	-	280,000	11,165,000	290,000
Unamortized issuance discount	(49,158)	-	(2,048)	(47,110)	(2,048)
Total - Certificates of Participation	<u>11,395,842</u>	<u>-</u>	<u>277,952</u>	<u>11,117,890</u>	<u>287,952</u>
Compensated Absences	826,787	6,346	-	833,133	-
Supplemental Early Retirement	77,000	317,400	158,100	236,300	100,200
Other Postemployment Benefits	8,163,298	1,643,485	-	9,806,783	-
Net Pension Liability**	<u>92,682,118</u>	<u>-</u>	<u>19,321,501</u>	<u>73,360,617</u>	<u>-</u>
Totals	<u>\$ 320,412,216</u>	<u>\$ 39,468,765</u>	<u>\$ 59,915,236</u>	<u>\$ 299,965,745</u>	<u>\$ 11,746,203</u>

*Beginning balance has been restated to reflect the retroactive implementation of GASB Statement No. 68 for the net pension liability.

**See Note 11 for detailed information regarding the Net Pension Liability.

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of participation payments are made by the Capital Facilities Fund. Accumulated vacation, the supplemental early retirement, and other employment benefits will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

1997 Election

The District authorized bonds at a regularly scheduled election of the registered voters of the District held on November 4, 1997, at which more than two-thirds of the voters authorized the issuance and sale of \$30.0 million of general obligation bonds to finance the construction and modernization of school facilities.

2006 Election

The District authorized bonds at a regularly scheduled election of the registered voters of the District held on June 6, 2006, at which more than 55% of the voters authorized the issuance and sale of \$128.0 million of general obligation bonds to finance the construction and modernization of school facilities.

A portion of the bonds is designated “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”). Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. The District is obligated to deposit any cash subsidy payments it receives into the debt service fund for the Bonds.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

2006 Election (continued)

Another portion of the bonds is designated as "Qualified School Construction Bonds" for purposes of the Recovery Act. With respect to the bonds, the District expects to receive, on or about each bond payment date for the bonds, a cash subsidy payment from the United States Treasury equal to the lesser of a) the interest payable on such bond payment date or b) the amount of interest that would have been payable on such bond payment date on such bonds if such interest were determined at a federal tax credit rate applicable to the bonds, which Tax Credit Rate is published by the Treasury and determined under Section 54A(b)(3) of the Code. Prior to each such bond payment date for the bonds, the District will submit or cause to be submitted to the Treasury a subsidy reimbursement request in accordance with applicable Federal regulations.

2013 Refunding

On January 10, 2013, the District issued \$9,630,000 of General Obligation Refunding Bonds. The Bonds consist of serial bonds bearing fixed rates ranging from 0.588 to 2.365 percent with annual maturities from November 2013 through November 2019. The net proceeds of \$9,438,029 (after issuance costs and underwriter's discount of \$191,971) were used to refund a portion of the Series 2004 Refunding General Obligation Bonds.

2014 Refunding

On October 29, 2014, the District issued \$27,255,000 of General Obligation Refunding Bonds. The Bonds consist of serial bonds bearing fixed rates ranging from 3.0 to 5.0 percent with annual maturities from August 2015 through August 2031. The net proceeds of \$31,542,630 (after issuance costs and underwriter's discount of \$309,987) were used to refund a portion of the Series 2006A General Obligation Bonds.

The net proceeds of both refundings were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net assets and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of \$30,890,339 remain to be amortized. As of June 30, 2015, the principal balance outstanding on the defeased debt amounted to \$1,357,567.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2015

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

The outstanding bonded debt at June 30, 2015, was as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015
Measure R (1997)								
1997 A	2/24/1998	11/1/2022	3.65%-5.15%	\$ 29,999,130	\$ 6,961,871	\$ -	\$ 952,847	\$ 6,009,024
1997 B	8/11/1999	11/1/2023	4.85%-5.68%	9,374,387	6,226,593	-	529,750	5,696,843
1997 C	3/21/2001	11/1/2025	4.05%-5.44%	18,492,813	3,361,566	-	293,768	3,067,798
1997 D	10/17/2002	9/1/2027	2.00%-5.20%	32,627,309	21,637,311	-	-	21,637,311
Sub-total Measure R				90,493,639	38,187,341	-	1,776,365	36,410,976
Measure G (2006)								
2006 A	11/30/2006	8/1/2031	3.50%-5.00%	44,566,153	33,626,153	-	30,265,000	3,361,153
2006 B	12/22/2009	8/1/2034	3.000%-7.262%	42,996,222	42,996,222	-	100,000	42,896,222
2006 C	5/19/2011	8/1/2033	5.006%-6.750%	29,998,274	27,853,274	-	1,155,000	26,698,274
Sub-total Measure G				117,560,649	104,475,649	-	31,520,000	72,955,649
Refunding Bonds								
2004 Ref.	8/4/2004	11/1/2021	1.50%-5.18%	14,471,501	1,766,501	-	880,000	886,501
2011 Ref.	5/19/2011	8/1/2015	2.00%-3.00%	5,385,000	3,790,000	-	1,765,000	2,025,000
2013 Ref.	1/10/2013	11/1/2019	0.588%-2.365%	9,630,000	9,360,000	-	185,000	9,175,000
2014 Ref.	10/29/2014	8/1/2031	3.00%-5.00%	27,255,000	-	27,255,000	-	27,255,000
Sub-total Refunding Bonds				56,741,501	14,916,501	27,255,000	2,830,000	39,341,501
					<u>\$ 157,579,491</u>	<u>\$ 27,255,000</u>	<u>\$ 36,126,365</u>	<u>\$ 148,708,126</u>
Accreted Interest Component								
				1997 A	\$ 8,863,042	\$ 768,252	\$ 1,237,153	\$ 8,394,141
				1997 B	8,132,254	802,752	720,250	8,214,756
				1997 C	4,444,368	497,588	376,232	4,565,724
				1997 D	16,638,784	1,970,356	-	18,609,140
				2004 Ref.	1,760,445	314,563	-	2,075,008
				2006 A	282,842	55,228	-	338,070
				2006 B	2,243,283	728,626	-	2,971,909
				2006 C	1,183,555	511,552	-	1,695,107
					<u>\$ 43,548,573</u>	<u>\$ 5,648,917</u>	<u>\$ 2,333,635</u>	<u>\$ 46,863,855</u>

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2015-16	\$ 8,279,833	\$ 8,015,911	\$ 16,295,744
2016-17	7,576,603	9,815,558	17,392,161
2017-18	7,215,212	11,917,612	19,132,824
2018-19	8,253,746	10,320,854	18,574,600
2019-20	8,651,658	10,734,117	19,385,775
2020-25	34,007,916	61,525,889	95,533,805
2025-30	31,602,736	54,099,090	85,701,826
2030-35	43,120,422	15,508,337	58,628,759
Total	<u>\$ 148,708,126</u>	<u>\$ 181,937,368</u>	<u>\$ 330,645,494</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

B. Certificates of Participation

On July 3, 2003, the District issued the 2003 Certificates of Participation in the amount of \$20,000,000. During the 2007-2008 fiscal year, the District issued the 2008 Refunding Certificates of Participation to refinance the 2003 Certificates of Participation. The 2008 Refunding Certificates of Participation mature in the 2037-2038 fiscal year and carry interest rates ranging from 3.0 percent to 5.0 percent. The balance of the 2008 Refunding Certificates of Participation outstanding at June 30, 2015 was \$11,165,000.

Fiscal Year	Principal	Interest	Total
2015-16	\$ 290,000	\$ 522,006	\$ 812,006
2016-17	300,000	511,132	811,132
2017-18	315,000	499,132	814,132
2018-19	325,000	486,532	811,532
2019-20	340,000	473,532	813,532
2020-25	1,930,000	2,139,890	4,069,890
2025-30	2,410,000	1,659,852	4,069,852
2030-35	3,040,000	1,023,122	4,063,122
2035-38	2,215,000	225,250	2,440,250
Total	<u>\$ 11,165,000</u>	<u>\$ 7,540,448</u>	<u>\$ 18,705,448</u>

C. Supplemental Early Retirement Plans

2011 SERP

The District offered a supplemental early retirement plan during the 2010-11 year, whereby certain eligible employees are provided an annuity through Mid-America Administrative and Retirement Solution to supplement the retirement benefits they are entitled to through the California State Teachers' Retirement System (CalSTRS). Under the plan, eligible employees are those certificated non-management employees who are STRS eligible and have provided a minimum of ten years of service in the District. Twenty-nine employees retired and elected to receive this annuity.

2015 SERP

During the 2014-15 year, the District offered a voluntary early retirement incentive, which was available to all certificated LVEA unit members who have served 15 years as employees of the District, are at least age 60 at the age of retirement, and eligible to retire under STRS or PERS, with an effective retirement date on or before June 30, 2017. The District agrees to provide those who qualify with an annual payment of \$4,600 and the District will also contribute the required minimum monthly contribution for retirees for health insurance. As of June 30, 2015, 26 employees retired and elected to participate in the plan.

The outstanding liability for all SERPs at June 30, 2015, amounted to \$236,300. The supplemental early retirement plan has the following required payments:

Fiscal Year	Total Payment
2015-16	\$ 100,200
2016-17	76,300
2017-18	36,800
2018-19	13,800
2019-20	4,600
2020-21	4,600
Total	<u>\$ 236,300</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 8 – JOINT POWERS AGREEMENTS

The Las Virgenes Unified School District participates in two joint powers agreement (JPA) entities: Alliance of Schools for Cooperative Insurance Programs (ASCIP) and Schools Linked for Insurance Management (SLIM). The JPAs arrange for and provide property and liability insurance, workers' compensation insurance and health benefits insurance for their member school districts. The Las Virgenes Unified School District pays a premium commensurate with the level of coverage requested.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the Las Virgenes Unified School District beyond the District's representation on the governing boards.

The following condensed unaudited financial information as of June 30, 2015, is presented for informational purposes only:

	ASCIP	SLIM
Assets	\$ 362,899,069	\$ 14,329,764
Liabilities	205,813,855	12,068,280
Net Position	<u>\$ 157,085,214</u>	<u>\$ 2,261,484</u>
Revenues	\$ 222,246,146	\$ 9,419,150
Expenses	214,534,538	10,833,128
Operating Income	7,711,608	(1,413,978)
Non-Operating Income	4,760,292	69,726
Change in Net Position	<u>\$ 12,471,900</u>	<u>\$ (1,344,252)</u>

Each JPA is independently accountable for its fiscal matters and maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the Las Virgenes Unified School District and the JPAs are such that no JPA is a component unit of the Las Virgenes Unified School District for financial reporting purposes.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

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

B. Construction Commitments

As of June 30, 2015, the District had commitments with respect to unfinished capital projects of approximately \$409,100.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2015.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 10 – RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates in various public entity risk pools (JPAs) for the workers' compensation programs and health and welfare benefits. Refer to Note 8 for additional information regarding the JPAs.

During fiscal year ending June 30, 2015, the District participated in Self-Insured Schools of California (SISC III) public entity risk pools for dental insurance coverage. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 11 – PENSION PLANS

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

A. General Information about the Pension Plans

Plan Descriptions

The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions under the Plan are established by State statute and District resolution. CalSTRS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalSTRS website.

The District also contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalSTRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2 percent of final compensation for each year of credited service at age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, increasing to a maximum of 2.4 percent at age 63 for members under *CalSTRS 2% at 60*, or age 65 for members under *CalSTRS 2% at 62*. The normal retirement eligibility requirements are age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, with a minimum of five years of service credited under the Defined Benefit Program, which can include service purchased from teaching in an out-of-state or foreign public school. Employees are eligible for service-related disability benefits after five years of service, unless the member is disabled due to an unlawful act of bodily injury committed by another person while working in CalSTRS covered employment, in which case the minimum is one year. Disability benefits are equal to fifty percent of final compensation regardless of age and service credit. Designated recipients of CalSTRS retired members receive a \$6,163 lump-sum death payment. There is a 2 percent simple increase each September 1 following the first anniversary of the date on which the monthly benefit began to accrue.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 11 – PENSION PLANS (continued)

A. General Information about the Pension Plans (continued)

Benefits Provided (continued)

The annual 2 percent increase is applied to all continuing benefits other than Defined Benefit Supplement annuities. However, if the member retires with a Reduced Benefit Election, the increase does not begin to accrue until the member reaches age 60 and is not payable until the member receives the full benefit. This increase is also known as the improvement factor.

CalPERS also provides retirement, disability, and death benefits. Retirement benefits are determined as 1.1 percent of final compensation for each year of credited service at age 50 for members under *2% at 55*, or 1.0 percent at age 52 for members under *2% at 62*, increasing to a maximum of 2.5 percent at age 63 for members under *2% at 55*, or age 67 for members under *2% at 62*. To be eligible for service retirement, members must be at least age 50 and have a minimum of five years of CalPERS-credited service. Members joining on or after January 1, 2013, must be at least age 52. Disability retirement has no minimum age requirement and the disability does not have to be job related. However, members must have a minimum of five years of CalPERS service credit.

Pre-retirement death benefits range from a simple return of member contributions plus interest to a monthly allowance equal to half of what the member would have received at retirement paid to a spouse or domestic partner. To be eligible for any type of monthly pre-retirement death benefit, a spouse or domestic partner must have been either married to the member or legally registered before the occurrence of the injury or the onset of the illness that resulted in death, or for at least one year prior to death. Cost-of-living adjustments are provided by law and are based on the Consumer Price Index for all United States cities. Cost-of-living adjustments are paid the second calendar year of the member's retirement on the May 1 check and then every year thereafter. The standard cost-of-living adjustment is a maximum of 2 percent per year.

Contributions

Active CalSTRS plan members were required to contribute 8.15% of their salary in 2014-15. The required employer contribution rate for fiscal year 2014-15 was 8.88% of annual payroll. The contribution requirements of the plan members are established by State statute. Active CalPERS plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. 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 required employer contribution for fiscal year 2014-15 was 11.771%. The contribution requirements of the plan members are established by State statute.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	CalSTRS	CalPERS
Employer contributions	\$ 6,499,363	\$ 1,961,666
Employee contributions paid by employer	\$ -	\$ -

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
CalSTRS	\$ 56,683,890
CalPERS	<u>16,676,727</u>
Total Net Pension Liability	<u>\$ 73,360,617</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>CalSTRS*</u>	<u>CalPERS</u>
Proportion - June 30, 2013	0.0970%	0.1514%
Proportion - June 30, 2014	<u>0.0970%</u>	<u>0.1469%</u>
Change - Increase (Decrease)	<u>0.0000%</u>	<u>-0.0045%</u>

* The District's proportionate share percentage was not separately determined for June 30, 2013, so the June 30, 2014 percentage was used to calculate the beginning amounts.

For the year ended June 30, 2015, the District recognized pension expense of \$6,375,870. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,977,032	\$ -
Adjustment due to differences in proportions	-	(643,938)
Net differences between projected and actual earnings on plan investments	-	<u>(19,688,610)</u>
	<u>\$ 5,977,032</u>	<u>\$ (20,332,548)</u>

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The total amount of \$5,977,032 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2016	\$ (4,385,222)
2017	(4,385,222)
2018	(4,385,222)
2019	-
2020	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Discount Rate	7.60%	7.50%
Inflation	3.00%	2.75%
Wage Growth	3.75%	3.00%
Post-retirement Benefit Increase	2.00%	-
Investment Rate of Return	7.60%	7.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis for more information. The underlying mortality assumptions and all other actuarial assumptions used in the CalPERS June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – for CalSTRS

The discount rate used to measure the total pension liability was 7.60 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 increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate – for CalSTRS (continued)

Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate – for CalPERS

The discount rate used to measure the total pension liability was 7.50% for CalPERS. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent 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 7.65 percent. 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. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 11 – PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate – for CalPERS (continued)

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 rates of return are net of administrative expenses.

Asset Class	Target Allocation		Long-Term Expected Rate of Return	
	CalSTRS	CalPERS	CalSTRS	CalPERS
Global Equity	47%	47%	4.5%	5.7%
Global Fixed Income	N/A	19%	N/A	2.4%
Inflation Sensitive	5%	6%	3.2%	3.4%
Private Equity	12%	12%	6.2%	7.0%
Real Estate	15%	11%	4.4%	5.1%
Infrastructure and Forestland	N/A	3%	N/A	5.1%
Fixed Income	20%	N/A	0.2%	N/A
Liquidity	1%	2%	0.0%	-1.1%
	<u>100%</u>	<u>100%</u>		

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 each Plan, calculated using the discount rate for each 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	CalPERS
1% Decrease	6.60%	6.50%
Net Pension Liability	\$ 88,355,360	\$ 29,254,786
Current Discount Rate	7.60%	7.50%
Net Pension Liability	\$ 56,683,890	\$ 16,676,727
1% Increase	8.60%	8.50%
Net Pension Liability	\$ 30,275,640	\$ 6,166,491

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 11 – PENSION PLANS (continued)

C. Payable to the Pension Plans

At June 30, 2015, the District reported a payable of \$402,036 and \$130,703 for the outstanding amount of contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2015.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

Las Virgenes Unified School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2008-09.

Plan Descriptions and Contribution Information

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits	200
Active plan members	882 *
Total	<u>1,082</u>
Number of participating employers	One

* As of July 1, 2013, actuarial valuation

While the District contracts its health benefits through the CalPERS health plan, retirees have access to a District funded subsidy towards their insurance premium, currently equal to \$106.40 per month. However, this is not a union-contracted benefit and it is not being offered to retirees at the discretion of the District.

The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2014-15, the District contributed \$292,736 towards retirees medical benefit premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	\$ 2,046,292
Interest on net OPEB obligation	408,166
Adjustment to ARC	<u>(518,237)</u>
Annual OPEB cost	1,936,221
Contributions made:	
Pay-as-you-go costs	<u>(292,736)</u>
Increase in net OPEB liability	1,643,485
Net OPEB liability - July 1, 2014	8,163,298
Net OPEB liability - June 30, 2015	<u>\$ 9,806,783</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014-15 and the preceding two years are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 1,672,444	15%	\$ 6,491,701
2014	\$ 1,958,760	15%	\$ 8,163,298
2015	\$ 1,936,221	15%	\$ 9,806,783

Funded Status and Funding Progress – OPEB Plans

As of July 1, 2013, the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was \$17.2 million and the unfunded actuarial accrued liability (UAAL) was \$17.2 million.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designated to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions (continued)

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2013
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 years
Asset Valuation	N/A
Actuarial Assumptions:	
Discount rate	5.0%
Long-term healthcare cost trend rates:	5.0%
Inflation	2.0%

NOTE 13 – ADJUSTMENT FOR RESTATEMENT

On the prior year statement of activities for business-type activities and on the statement of revenues, expenses and changes in net position for business-type activities, food services revenues were overstated by \$56,320 due to an audit adjustment in 2013-14 which duplicated amounts already recorded. The net position as of July 1, 2014, has been adjusted to properly reflect the correct balance.

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Required Supplementary Information

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LAS VIRGENES UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual* (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF sources	\$ 72,832,821	\$ 74,354,262	\$ 74,811,839	\$ 457,577
Federal sources	2,976,104	3,156,700	3,242,025	85,325
Other state sources	8,316,541	8,860,717	8,510,654	(350,063)
Other local sources	9,931,490	10,647,600	11,784,823	1,137,223
Total Revenues	94,056,956	97,019,279	98,349,341	1,330,062
Expenditures				
Current:				
Certificated salaries	44,648,140	47,301,537	47,301,537	-
Classified salaries	16,572,915	17,340,294	17,340,294	-
Employee benefits	17,898,815	17,917,863	17,917,863	-
Books and supplies	3,836,693	5,531,634	5,531,634	-
Services and other operating expenditures	11,018,479	10,391,193	10,391,193	-
Transfers of indirect costs	(59,500)	(59,500)	(57,620)	(1,880)
Capital outlay	127,000	192,304	192,304	-
Intergovernmental	405,688	657,586	655,701	1,885
Total Expenditures	94,448,230	99,272,911	99,272,906	5
Excess (Deficiency) of Revenues Over (Under) Expenditures	(391,274)	(2,253,632)	(923,565)	1,330,067
Other Financing Sources and Uses				
Interfund transfers out	-	(425,000)	(425,000)	-
Total Other Financing Sources and Uses	-	(425,000)	(425,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(391,274)	(2,678,632)	(1,348,565)	1,330,067
Fund Balances, July 1, 2014	19,677,121	19,677,121	19,677,121	-
Fund Balances, June 30, 2015	\$ 19,285,847	\$ 16,998,489	\$ 18,328,556	\$ 1,330,067

*The actual column above does not include the revenues or expenditures related to the STRS on-behalf contributions, as they were not considered during the budget development process.

LAS VIRGENES UNIFIED SCHOOL DISTRICT*Schedule of Funding Progress**For the Fiscal Year Ended June 30, 2015*

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2008	\$ -	\$ 9,590,444	\$ 9,590,444	0%	\$ 57,182,495	17%
July 1, 2011	\$ -	\$ 13,985,477	\$ 13,985,477	0%	\$ 57,447,025	24%
July 1, 2013	\$ -	\$ 17,240,199	\$ 17,240,199	0%	\$ 59,231,279	29%

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years*

	<u>2014</u>
District's proportion of the net pension liability (asset):	
CalSTRS	0.0970%
CalPERS	0.1469%
District's proportionate share of the net pension liability (asset):	
CalSTRS	\$ 56,683,890
CalPERS	\$ 16,676,727
District's covered-employee payroll:	
CalSTRS	\$ 43,816,667
CalPERS	\$ 15,414,613
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:	
CalSTRS	129.4%
CalPERS	108.2%
Plan fiduciary net position as a percentage of the total pension liability:	
CalSTRS	76.5%
CalPERS	83.4%

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

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Contributions
For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years*

	<u>2014</u>
Actuarially determined contribution:	
CalSTRS	\$ 3,614,875
CalPERS	\$ 1,763,740
Contributions in relation to the actuarially determined contribution:	
CalSTRS	\$ 3,614,875
CalPERS	<u>\$ 1,763,740</u>
Contribution deficiency (excess):	
CalSTRS	<u>\$ -</u>
CalPERS	<u>\$ -</u>
District's covered-employee payroll:	
CalSTRS	\$ 43,816,667
CalPERS	\$ 15,414,613
Contributions as a percentage of covered-employee payroll:	
CalSTRS	8.25%
CalPERS	11.442%

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

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer’s covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer’s covered-employee payroll
- The pension plan’s fiduciary net position as a percentage of the total pension liability

Schedule of Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer’s contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer’s actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer’s actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ration of the actual contributions divided by covered-employee payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2015, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Appropriations Category	Excess Expenditures
Transfers of indirect costs	\$ 1,880

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Supplementary Information

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LAS VIRGENES UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2015

The Las Virgenes Unified School District was established in 1962. The District boundaries include the cities of Agoura Hills, Calabasas, Hidden Hills, and an unincorporated area of the County in Westlake Village in North Western Los Angeles County. There were no changes to the District’s boundaries during the year. The District operates eight elementary schools, one alternative K-8 school, three middle schools, two comprehensive high schools, and one alternative high school.

GOVERNING BOARD		
Member	Office	Term Expires
Cindy Iser	President	2015
Lesli Stein	Vice President	2017
Angela Cutbill	Clerk	2017
Jill Gaines	Member	2015
Dallas Lawrence	Member	2017

DISTRICT ADMINISTRATORS

Dan Stepenosky, Ed.D.,
Superintendent

Mary Schillinger,
Assistant Superintendent, Education

Karen Kimmel, CPA,
Assistant Superintendent, Business

Rose Dunn, Ed.D.,
Assistant Superintendent, Personnel

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2015

	Second Period Report	Annual Report
	Certificate No. (FFF94AFE)	Certificate No. (EC4A8977)
Regular ADA:		
Transitional Kindergarten through Third	2,896.82	2,903.49
Fourth through Sixth	2,382.57	2,383.38
Seventh through Eighth	1,704.46	1,703.56
Ninth through Twelfth	3,836.94	3,814.96
Total Regular ADA	10,820.79	10,805.39
Special Education, Nonpublic, Nonsectarian Schools:		
Transitional Kindergarten through Third	10.27	10.43
Ninth through Twelfth	16.93	17.14
Total Special Education, Nonpublic, Nonsectarian Schools	27.20	27.57
Total ADA	10,847.99	10,832.96

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2015

Grade Level	1986-87 Minutes		2014-15 Actual Minutes	Number of Days Traditional Calendar	Status
	Previously Required	Reduced*			
Kindergarten	36,000	35,000	38,595	180	Complied
Grade 1	50,400	49,000	50,809	180	Complied
Grade 2	50,400	49,000	50,809	180	Complied
Grade 3	50,400	49,000	50,809	180	Complied
Grade 4	54,000	52,500	54,427	180	Complied
Grade 5	54,000	52,500	54,427	180	Complied
Grade 6	54,000	52,500	55,125	180	Complied
Grade 7	54,000	52,500	55,125	180	Complied
Grade 8	54,000	52,500	55,125	180	Complied
Grade 9	64,800	63,000	67,836	180	Complied
Grade 10	64,800	63,000	67,836	180	Complied
Grade 11	64,800	63,000	67,836	180	Complied
Grade 12	64,800	63,000	67,836	180	Complied

* Amounts reduced in 2014-15 as permitted by Education Code Section 46201.2 (a).

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2015

General Fund	(Budget) 2016 ²	2015	2014	2013
Revenues and other financing sources	\$ 102,676,397	\$ 98,349,341	\$ 94,579,750	\$ 89,792,488
Expenditures	99,715,212	99,272,906	92,540,438	89,566,574
Other uses and transfers out	500,000	425,000	350,000	450,000
Total outgo	100,215,212	99,697,906	92,890,438	90,016,574
Change in fund balance (deficit)	2,461,185	(1,348,565)	1,689,312	(224,086)
Ending fund balance	\$ 20,789,741	\$ 18,328,556	\$ 19,677,121	\$ 17,987,809
Available reserves ¹	\$ 11,833,057	\$ 7,614,031	\$ 11,726,339	\$ 10,770,984
Available reserves as a percentage of total outgo	11.8%	7.6%	12.6%	12.0%
Total long-term debt ³	\$ 288,219,542	\$ 299,965,745	\$ 320,412,216	\$ 229,837,008
Average daily attendance at P-2	10,860	10,848	10,717	10,823

The General Fund balance has increased by \$340,747 over the past two years. The fiscal year 2015-16 adopted budget projects a increase of \$2,461,185. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, but does not anticipate incurring an operating deficit during the 2015-16 fiscal year. Long-term debt has increased by \$70,128,737 over the past two years. The increase in long-term debt over the past two years is primarily related to the net pension liability, which has been incorporated in 2015 in the amount of \$73,360,617, and in 2014 in the amount of \$92,682,118, but not 2013, in accordance with GASB 68.

Average daily attendance has increased by 25 over the past two years. A further increase of 12 is anticipated during fiscal year 2015-16.

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

² Revised Final Budget September, 2015

³ As restated

LAS VIRGENES UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2015*

*There were no differences between the Annual Financial and Budget Report and the
Audited Financial Statements in any funds.*

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
School Breakfast Program - Basic	10.553	13525	\$ 28,049	
School Breakfast Program - Especially Needy	10.553	13526	1,148	
National School Lunch Program	10.555	13523	268,163	
USDA Donated Foods	10.555	N/A	72,375	
Total Child Nutrition Cluster				\$ 369,735
Total U.S. Department of Agriculture				369,735
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
No Child Left Behind (NCLB):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		733,492
Title II, Part A, Teacher Quality Local	84.367	14341		195,549
English Language Acquisition Grants Cluster:				
Title III, Immigrant Education Program	84.365	15146	6,532	
Title III, Limited English Proficiency	84.365	14346	61,564	
Total English Language Acquisition Grants Cluster				68,096
Department of Rehabilitation: Workability II, Transitions Partnership	84.158	10006		185,973
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		38,686
Individuals with Disabilities Education Act (IDEA):				
Local Assistance Entitlement	84.027	13379	1,832,096	
Preschool Local Entitlement, Part B	84.173A	13682	112,848	
Total Special Education (IDEA) Cluster				1,944,944
Total U.S. Department of Education				3,166,740
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education:				
Medical Assistance Cluster:				
Medi-Cal Billing Option	93.778	10013	6,023	
Medi-Cal Administrative Activities (MAA)	N/A	10060	18,021	
Total Medical Assistance Cluster				24,044
Total U.S. Department of Health & Human Services				24,044
Total Expenditures of Federal Awards				\$ 3,560,519

LAS VIRGENES UNIFIED SCHOOL DISTRICT

*General Fund Selected Financial Information Three-Year Summary of Revenues, Expenditures,
and Changes in Fund Balance*

For the Fiscal Year Ended June 30, 2015

	Actual Results for the Years (Amounts in thousands)					
	2014-15		2013-14		2012-13	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
Revenues						
Federal revenue	\$ 3,242	3.30	\$ 2,987	3.16	\$ 3,416	3.82
State and local revenue included in LCFF	74,812	76.07	68,233	72.14	57,875	64.78
Other state revenue	8,510	8.65	11,521	12.18	17,619	19.72
Other local revenue	11,785	11.98	11,839	12.52	10,432	11.68
Total Revenues	98,349	100.00	94,580	100.00	89,342	100.00
Expenditures						
Salaries and benefits						
Certificated salaries	47,302	48.10	44,658	47.22	44,003	49.25
Classified salaries	17,340	17.63	16,449	17.39	15,816	17.70
Employee benefits	17,918	18.22	16,962	17.93	17,019	19.05
Subtotal salaries and benefits	82,560	83.95	78,069	82.54	76,838	86.00
Books and supplies	5,532	5.62	2,542	2.69	1,906	2.13
Services and operating expenditures	10,391	10.57	10,644	11.25	10,131	11.34
Capital outlay	192	0.20	97	0.10	149	0.17
Other outgo	598	0.61	1,189	1.26	542	0.61
Total Expenditures	99,273	100.94	92,541	97.84	89,566	100.25
Excess (Deficiency) of Revenues Over (Under) Expenditures	(924)	(0.94)	2,039	2.16	(224)	(0.25)
Other Financing Sources and Uses						
Interfund transfers in	-	-	-	-	450	0.50
Interfund transfers out	(425)	(0.43)	(350)	(0.37)	(450)	(0.50)
Total Other Financing Sources and Uses	(425)	(0)	(350)	(0)	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,349)	(1.37)	1,689	1.79	(224)	(0.25)
Fund Balances, Beginning	19,677		17,988		18,212	
Fund Balances, Ending	\$ 18,328		\$ 19,677		\$ 17,988	

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2015

NOTE 1 – PURPOSE OF SCHEDULES

Individual Combining Financial Statements

Individual combining balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to financial statements.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. 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.

Districts must maintain their instructional minutes at the 1986-87 requirement, as reduced by Education Code Section 46201.2(a).

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States of America Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Subrecipients

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

General Fund Selected Financial Information

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the General Fund for the past three years.

Other Independent Auditors' Reports

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

Board of Education
Las Virgenes Unified School District
Calabasas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Las Virgenes Unified School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Las Virgenes Unified School District's basic financial statements, and have issued our report thereon dated November 26, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

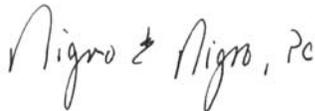
As part of obtaining reasonable assurance about whether Las Virgenes Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-1.

Las Virgenes Unified School District's Response to Finding

Las Virgenes Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Las Virgenes Unified School 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.



Murrieta, California
November 26, 2015

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Las Virgenes Unified School District
Calabasas, California

Report on State Compliance

We have audited Las Virgenes Unified School District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Las Virgenes Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2015.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Las Virgenes Unified School District's State programs based on our audit of the types of compliance requirements referred to below. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to below occurred. An audit includes examining, on a test basis, evidence about Las Virgenes Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each State program. However, our audit does not provide a legal determination of Las Virgenes Unified School District's compliance.

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

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupation Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Not Applicable
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs

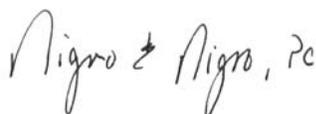
In our opinion, Las Virgenes Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to above, which is required to be reported in accordance with *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-1.

District's Response to Finding

Las Virgenes Unified School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Las Virgenes Unified School District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.



Murrieta, California
November 26, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Las Virgenes Unified School District
Calabasas, California

Report on Compliance for Each Major Federal Program

We have audited Las Virgenes Unified School District's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Las Virgenes Unified School District's major federal programs for the year ended June 30, 2015. Las Virgenes Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Las Virgenes Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Las Virgenes Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Las Virgenes Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

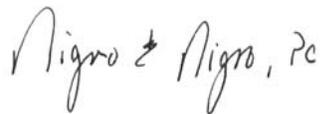
Report on Internal Control Over Compliance

Management of Las Virgenes Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Las Virgenes Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Murrieta, California
November 26, 2015

Findings and Questioned Costs

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LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553 & 10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.010</u>	<u>Title I, Part A</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>
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LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2014-15.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2014-15.

LAS VIRGENES UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

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

Finding 2015-1: Unduplicated Pupil Counts (40000)

Criteria: In order to be counted in CALPADS report 1.17 a student must have an open primary or short-term enrollment in CALPADS over Census Day (the first Wednesday in October) and meet one or more of the following criteria:

- Have a program record with an education program code of homeless, Migrant, Free Meal Program, or Reduced-Price Meal Program, that is open over Census Day
- Have an English Language Acquisition Status of “English learner” (EL) that is effective over Census Day
- Be directly certified in July through November as being eligible for free meals based on a statewide match conducted by CALPADS
- Be identified as a foster youth based on a statewide match conducted by CALPADS
- Be identified as foster youth through a local data matching process and submitted to and validated by CALPADS (functionality will be implemented in fall 2014)

Condition: During our testing of the FRPM applications and the CALPADS reporting, we noted one student that was reported as FRPM eligible who did not have an application on file for the 2014-15 fiscal year. This resulted in an overstatement of FRPM by one student.

Context: The error appears to have been an isolated incident.

Questioned Costs: The dollar impact of this finding is \$229.

Effect:

School Site	Unduplicated Pupil Count				Adjusted Total
	Per CALPADS Report	Unduplicated Pupil Count adjusted based on eligibility for:			
		FRPM	EL Funding	Both FRPM and EL	
Willow Elementary	33	(1)	-	-	32
Aggregate Remaining School Sites	1,333	-	-	-	1,333
District-wide	1,366	(1)	-	-	1,365

No changes to enrollment were identified as a result of testing the unduplicated pupil count.

Recommendation: The District should review all CALPADS data for accuracy during the adjustment window annually.

District Response: District will add additional layers of internal audit testing prior to final submission of CALPADS data.

LAS VIRGENES UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2015

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2014-1: Unduplicated Pupil Counts</i>	<p>School districts must annually report the number of students that are eligible for free and reduced price meals (FRPM) in the California Longitudinal Pupil Achievement Data System (CALPADS). Eligibility for FRPM is based upon criteria such as household income and the size of the household. There is a “grace period” that permits school districts to count students who were eligible in the previous school year to be claimed as FRPM until eligibility is determined for the new year.</p> <p>During our preliminary testing of the FRPM applications and the CALPADS reporting, we noted that three students that were reported as FRPM did not have an application on file or were denied for the 2013-14 fiscal year. We then performed additional testing to include samples from all school sites. During the expanded testing, we noted that there were an additional twelve students who were included in the CALPADS report that did not have an application or were denied; however, we also determined that there were 145 students eligible for FRPM that were omitted from the original CALPADS report. This resulted in an overall understatement of FRPM by 130 students.</p>	40000	The District should evaluate whether or not the 2014-2015 unduplicated pupil count percentage is higher than the 2013-2014 unduplicated percentage. If the District determines that the 2014-2015 unduplicated percentage is higher, the District’s LCFF calculation will be based on the 2014-2015 unduplicated percentage, thus mitigating the financial impact the exceptions noted above have on compliance.	Improvement Noted. See Finding 2015-1.

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To the Board of Education
Las Virgenes Unified School District
Calabasas, California

In planning and performing our audit of the basic financial statements of Las Virgenes Unified School District for the year ending June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 26, 2015, on the financial statements of Las Virgenes Unified School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: Through our testing of cash disbursements, we noted evidence of receipt of goods or okay to pay was not documented on the invoice or receipt in multiple instances at A.E. Wright Middle and Calabasas High.

Recommendation: We recommend that the site document a physical receipt of the goods or services on the corresponding invoice, packing slip, or other documentation, such as writing “ok to pay” or “received” and initialing the document prior to issuing the check for payment. This ensures that payment is not being made for items received incorrectly or not received at all.

Observation: During our testing of cash disbursements, we noted some payments at A.E. Wright Middle, Agoura High and Calabasas High, which were not supported by a final invoice or receipt. Issuing payment without adequate supporting documentation can provide the opportunity for the misappropriation of student funds.

Recommendation: We recommend that the sites require all appropriate supporting documentation be submitted prior to issuing disbursements to ensure that student funds are being properly spent.

Observation: In our testing of cash receipts, we found that some deposits tested at Agoura High and Calabasas High lacked sufficient supporting documentation. Without supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account.

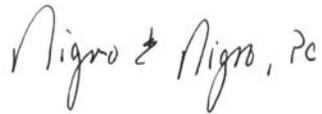
Recommendation: We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for.

ASSOCIATED STUDENT BODY (ASB) FUNDS (continued)

Observation: During our testing of cash disbursements at Agoura High and Calabasas High, we noted purchases that appear to be unallowable or questionable in nature. There were disbursements for non-ASB activities. Such items are usually not allowable because they are considered to be expenses of the District or could be considered a gift of public funds.

Recommendation: We recommend that the sites discontinue issuing such payments from ASB funds and that the sites be reminded of allowable and prohibited purchases with ASB funds. Additionally, if it is determined that the site paid for items which are the responsibility of the District, the site should be refunded for the expense. After this matter was brought to the attention of management, the District scheduled and provided a mandatory ASB Training Course in August 2015, for all staff working with ASB funds.

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

A handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
November 26, 2015