

LOS BANOS UNIFIED SCHOOL DISTRICT

MERCED COUNTY
LOS BANOS, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2021

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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Financial Section



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Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Los Banos Unified School District
Los Banos, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, General Fund Budgetary Comparison Schedule on page 51 Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 52, Schedule of OPEB Contributions on page 53 and Schedules of the District's Proportionate Share of Net Pension Liability and Contributions on pages 54 through 57 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 Los Banos Unified School District's basic financial statements. The combining and individual non-major fund financial statements, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, other supplementary information, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 combining and individual non-major fund financial statements, other supplementary information, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2022, on our consideration of Los Banos Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Los Banos Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Los Banos Unified School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Jeanette L. Baccin + Associates".

San Bernardino, California
January 7, 2022

LOS BANOS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2021

INTRODUCTION

This Management Discussion and Analysis (MD&A) of Los Banos Unified School District's (District) financial statements provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The analysis looks at the District's financial performance as a whole. The MD&A should be reviewed in conjunction with the auditor's transmittal letters, notes to the basic financial statements and the basic governmental wide financial statements to enhance the understanding of the District's financial performance.

The District offers instruction to students from preschool through twelfth grade, including programs for vocational education. During 2020-21, the District operated a Preschool, nine elementary schools, two junior high schools, two comprehensive high schools, one continuation high school and one independent study school for the instruction of approximately 10,250 (Average Daily Attendance, ADA).

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

- This MD&A is part of a comprehensive annual financial report consisting of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The MD&A Statement is provided to assist our citizens, taxpayers, investors and creditors in reviewing the District's finances and to demonstrate the District's accountability for the funding it receives.

FINANCIAL HIGHLIGHTS

- Los Banos Unified School District's Government-wide Statement of Net Position illustrates total net position of approximately \$68 million, the result of assets of \$335 million minus liabilities of \$267 million.
- General Revenues were \$127 million.
- Governmental Activities Expenses were \$117 million.

SIGNIFICANT EVENTS OF FISCAL YEAR 2020-21

LBUSD is located in Los Banos, California, a city in Merced County located in the San Joaquin Valley. The District employs 1,259 employees and operates on a \$139 million budget. At this time, it is the only public school system in the City of Los Banos, making it the municipality's largest employer. The student population is primarily Socioeconomically Disadvantaged (nearly 64.5%); the percentage of English Language Learners is 35% and Foster Youth is 0.5%. The Unduplicated Pupil percentage is 76%.

On June 5, 2018, 70.76% of voters approved to pass Measure X (School Bond); this will allow the District to build new school facilities to address overcrowding in existing schools, and to repair and upgrade existing school facilities. On September 6, 2018, the District issued Series 2018 General Obligation Bonds in the amount of \$23,320,000. The amount was applied for the construction of our new Grasslands Elementary school.

Significant growth in the California economy has allowed the State to accelerate the payback of the funding schools lost during the 2007-2009 Great Recession. The Target Funding gap is at 100% funded for 2018-19. The State provided one-time revenue that allowed the District to make a significant investment in facilities. The City of Los Banos continues to see new home construction.

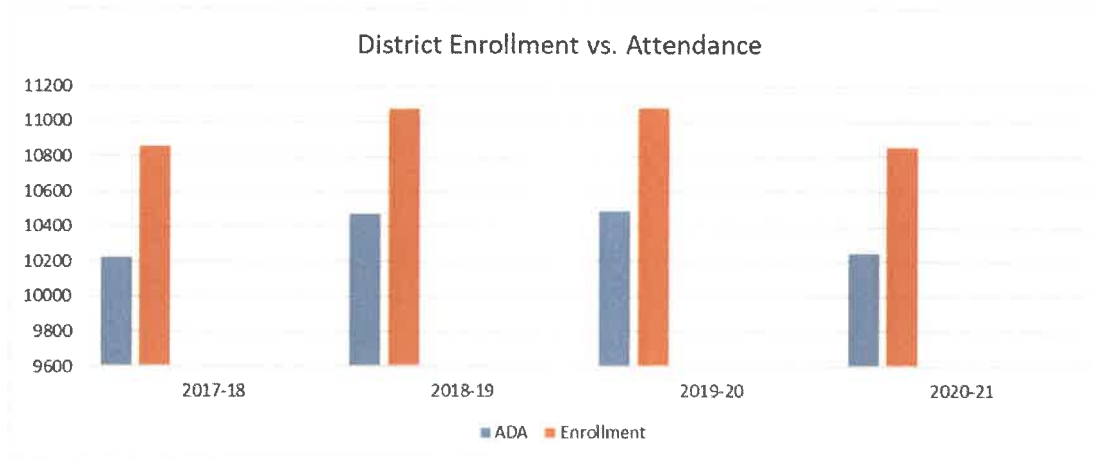
LOS BANOS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2021

Los Banos Unified School District was affected by the worldwide Pandemic of COVID-19. The District was forced to shut down on March 19, 2020. The shutdown of schools posed major challenges to our students and their teachers. Our public education system was not built, nor prepared, to cope with a situation like this. The District lacked the structures to sustain effective teaching and learning during the shutdown and to provide the safety net support that many children receive in school. The loss of instructional and learning time is known to impede student performance with long-term effects to the education of students. The District is preparing a long-term plan to help with the loss of learning time in the following fiscal years.

STUDENT ENROLLMENT & DEMOGRAPHIC TRENDS

- District enrollment for the 2019-20 school year was 11,082 students and 10,856 students in 2020-21.
- In addition to tracking enrollment, the District also closely monitors actual Average Daily Attendance (ADA). The 2019-20 District P-2 ADA was 10,490 and for the 2020-21 ADA was 10,250.

Figure 1. District Enrollment vs. Attendance



- School districts place great importance on student enrollment due to the broad range of funding and programs impacted by this number. These impacts range from foundational LCF funding to how much a particular special program or one-time funds a district may receive. Increased ADA generates dollars to help offset the related cost of the additional enrollment, and the normal inflationary costs of operating the business of education.

REPORTING THE DISTRICT AS A WHOLE

• FUND OVERVIEW

The fund financial statements provide detailed information about the most significant funds only, while the non-major funds are consolidated into a single group. Some funds are required by State statute, while other funds are established by the District to manage money for particular purposes and manage compliance with various regulations. The three types of funds are governmental, proprietary and fiduciary, and each use different accounting approaches as further described in the notes to the financial statements.

LOS BANOS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2021

- GOVERNMENTAL FUNDS

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual accounting method. Governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services provided. Governmental fund information helps determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship between the government-wide statements (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds is reconciled in the notes to the financial statements.

- PROPRIETARY FUNDS

Proprietary funds use full accrual accounting similar to commercial business-type activities. Because the District operates no proprietary funds, the fund financial statements will essentially match the governmental activities statements.

- FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. In accordance with GASB 84, the activities of the associated student body accounts are now reported as governmental funds in the financial statements. Additionally, in line with GASB 84, the District is now reporting the activity of OPEB Investment Trust Fund as a fiduciary fund. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

- NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

LOS BANOS UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2021

● THE DISTRICT AS A WHOLE

The “Statement of Net Position” provides the perspective of the District as a whole. Table 1 provides a summary of the District’s Net Position for fiscal year 2020-21 compared to 2019-20.

Table 1. Net Position (amounts in millions)

	Governmental Activities		
	2021	2020*	Difference
Current and Other Assets	\$ 120.9	\$ 90.6	\$ 30.3
Capital Assets	175.7	177.90	-2.2
Total Assets	296.6	268.50	28.1
Deferred Outflows	39.2	39.7	0.5
Current Liabilities	23.6	12.7	10.9
Long-Term Debt	237.4	228.4	9.0
Total Liabilities	261.0	241.1	19.9
Deferred Inflows	6.2	9.2	-3.0
Net Assets			
Invested in Capital Assets, Net of Related Debt	90.9	89.7	1.2
Restricted	94.0	75.7	18.3
Unrestricted	-116.4	-107.5	-8.9
Total Net Position	\$ 68.5	\$ 57.9	\$ 10.6

*Restated

LOS BANOS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2021

Table 2 compares the changes in net position for fiscal year 2020-21 to 2019-20.

Table 2. Statement of Activities (amounts in millions)

	Governmental Activities		
	2021	2020	Difference
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$9.6	\$3.7	\$5.9
Grants & Contributions	46.5	28.5	18.0
Capital Grants & Contribution	5.1	30.0	-24.9
<i>General Revenues</i>			
Property Taxes	20.4	19.7	0.7
Federal & State Aid	104.9	106.8	-1.9
Miscellaneous	2.3	2.1	0.2
Total Revenues	188.8	190.8	-2.0
Expenses			
Instruction	100.9	96.0	4.9
Instruction Related	16.8	16.6	0.2
Pupil Services	17.3	20.3	-3.0
General Administration	14.9	9.0	5.9
Plant Services	21.4	17.6	3.8
Other	7.0	7.7	-0.7
Total Expenses	178.3	167.3	11.0
Change in Net Position	\$ 10.5	\$23.5	\$ -13.0

LOS BANOS UNIFIED SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION & ANALYSIS
 For the Fiscal Year Ended
 June 30, 2021

GOVERNMENTAL FUNDS

- The District's Governmental Funds include Special Reserve Funds, Debt Service Funds, Capital Projects Funds, and most importantly, the General Fund. Figure 2 summarizes the District's General Fund revenue by source. Figure 3 summarizes the District's General Fund expenditures by function.

Figure 2. General Fund Revenues by Source

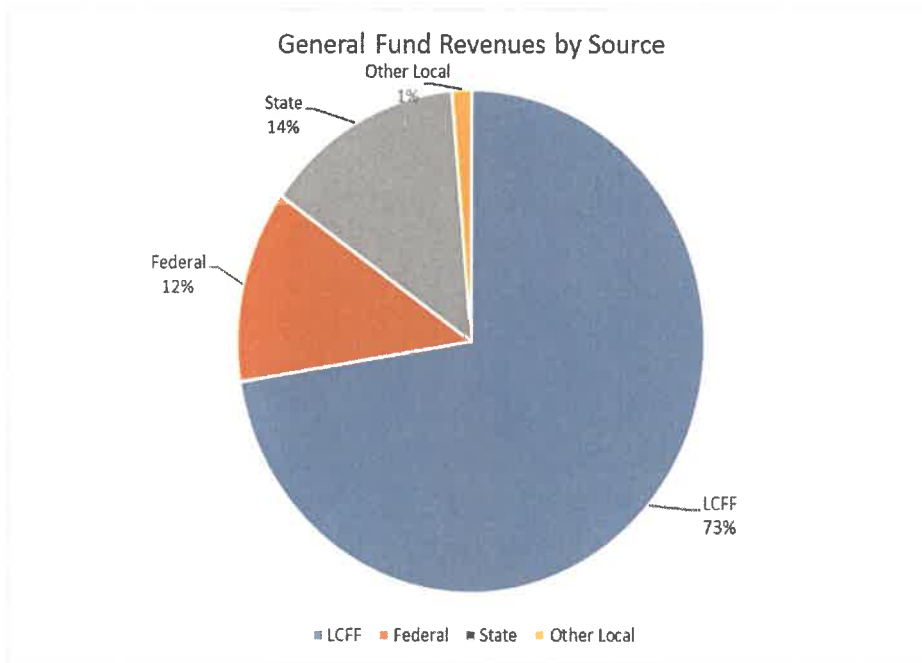
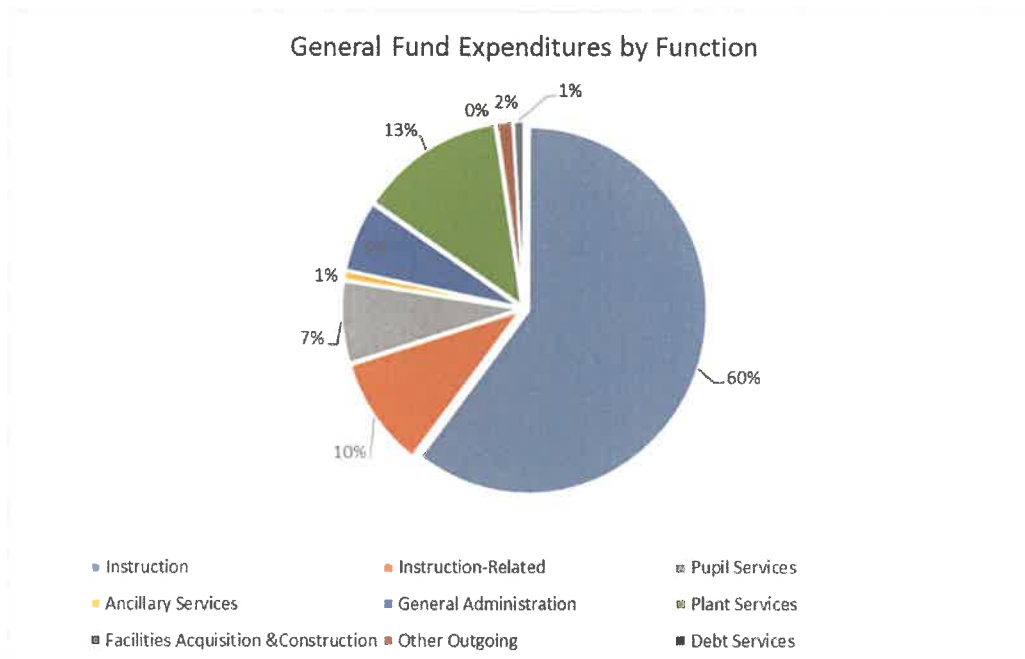


Figure 3. General Fund Expenditures by Function



LOS BANOS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2021

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting utilizing cash receipts, disbursements and encumbrances. The most significant fund is the General Fund.

The District begins the budget development process in January of each year and adopts the budget by June 30. Mid-year budget reporting includes 1st and 2nd Interim Reports. Unaudited Actuals are compiled after June 30th each year and the audit report follows after that. During the year, budgets are reviewed continuously to inform management of changes.

● GENERAL FUND BUDGET VARIATIONS

There are various reasons for Budget revisions: State of California budget revisions (State revenues comprise 94% of the general fund budget); staffing adjustments due to enrollment changes; staff turnover; salary increases granted by the Board of Trustees; health and welfare benefits rate changes; implementation of new instructional or categorical programs; and adjustments of budgeted grant awards as the actual award documents are received.

For the District, the increased emphasis on closing the achievement gap for all of our students continues to push forward several academically focused programs that will impact expenditures in personnel, instructional materials, supplies and outside services.

CAPITAL ASSETS AND DEBT MANAGEMENT

CAPITAL ASSETS

As of June 30, 2021, the District had \$241.1 million invested in land, improvements, buildings, equipment, and work in progress. Table 3 compares fiscal year 2020-21 amounts to 2019-20.

**Table 3. Changes in Capital Assets (in millions)
(Historical Cost)**

	Governmental Activities		
	2021	2020*	Difference
Land	\$ 10.4	\$ 10.9	\$ -0.5
Improvements	21.9	22.5	-0.6
Buildings	158.4	156.8	1.6
Equipment	14.5	22.2	-7.7
Work in Progress	35.9	33.4	2.5
Totals	\$ 241.1	\$ 245.8	\$ -4.7

* Restated

LOS BANOS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2021

DEBT

As of June 30, 2021, the District had \$237.2 million in debt outstanding. Table 4 compares fiscal year 2020-21 Long-term liabilities to 2019-20

Table 4. Outstanding Debt at Year-end (in millions)

	Governmental Activities		
	2021	2020	Difference
General Obligation Bonds	\$ 64.7	\$ 67.4	\$ -2.7
Certificates of Participation	19.9	20.8	-0.9
Other Postemployment Benefits	9.9	9.6	0.3
Net Pension Liability	140.6	128.6	12.0
Compensated Absences	2.1	1.9	0.2
	\$ 237.2	\$ 228.3	\$ 8.9

- CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This discussion and analysis is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Dr. Mark Marshall-Superintendent, or Amer Iqbal-Assistant Superintendent of Administrative Services, at (209) 826-3801.

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
 JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash (Note 2)	\$ 90,086,841
Accounts Receivable (Note 3)	30,775,449
Inventory	32,465
Total Current Assets	120,894,755
Capital Assets: (Note 6)	
Land	10,410,887
Site Improvements	21,911,461
Buildings	158,477,905
Furniture and Equipment	14,592,258
Work in Progress	35,916,388
Less Accumulated Depreciation	(65,610,591)
Total Capital Assets	175,698,308
TOTAL ASSETS	296,593,063
<u>DEFERRED OUTFLOWS OF RESOURCES</u> (Notes 11, 12)	39,183,577
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	21,769,111
Unearned Revenue	1,860,211
Total Current Liabilities	23,629,322
Long-Term Liabilities: (Note 7)	
Portion Due or Payable Within One Year	3,168,825
Portion Due or Payable After One Year	234,213,126
Total Long-Term Liabilities	237,381,951
TOTAL LIABILITIES	261,011,273
<u>DEFERRED INFLOWS OF RESOURCES</u> (Notes 11, 12)	6,222,413
<u>NET POSITION</u>	
Net Investment in Capital Assets	90,971,644
Restricted for:	
Capital Projects	51,787,575
Debt Service	4,382,873
Educational Programs	5,491,175
Other Purposes (Expendable)	32,300,010
Other Purposes (Nonexpendable)	57,665
Unrestricted	(116,447,988)
TOTAL NET POSITION	\$ 68,542,954

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT B

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Activities	Expenses	Program Revenues			Governmental Activities	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental:						
Instruction	\$ 100,875,989	\$ 325,520	\$ 27,483,784	\$ 5,054,550		\$ (68,012,135)
Instruction-Related Services:						
Supervision of Instruction	2,979,093	108,440	1,059,361	-		(1,811,292)
Instructional Library, Media and Technology	1,261,139	-	43,382	-		(1,217,757)
School Site Administration	12,587,944	11,232	1,162,357	-		(11,414,355)
Pupil Services:						
Home-to-School Transportation	2,137,117	-	206,315	-		(1,930,802)
Food Services	5,816,203	34,583	5,187,078	-		(594,542)
All Other Pupil Services	9,310,684	1,062,437	1,966,264	-		(6,281,983)
General Administration:						
Data Processing	4,220,057	82,399	2,069,114	-		(2,068,544)
All Other General Administration	10,719,429	447,300	2,083,526	-		(8,188,603)
Plant Services	21,366,637	2,895,838	4,381,205	-		(14,089,594)
Ancillary Services	1,575,469	-	633,951	-		(941,518)
Community Services	827	-	-	-		(827)
Interest on Long-Term Debt	3,283,147	-	-	-		(3,283,147)
Other Outgo	2,145,487	4,640,902	269,973	-		2,765,388
Total Governmental Activities	\$ 178,279,222	\$ 9,608,651	\$ 46,546,310	\$ 5,054,550		(117,069,711)
General Revenues:						
Taxes:						
Property Taxes, levied for general purposes						14,929,346
Property Taxes, levied for debt service						4,573,746
Property Taxes, levied for other specific purposes						940,424
Federal and State Aid not restricted to specific purposes						104,865,052
Interest and Investment Earnings						685,732
Interagency Revenues						51,402
Miscellaneous						1,576,439
Total General Revenues						127,622,141
Change in Net Position						10,552,430
Net Position - July 1, 2020, as Previously Reported						61,447,494
Adjustment for Restatement (Note 15)						(3,456,970)
Net Position - July 1, 2020, as Restated						57,990,524
Net Position - June 30, 2021						\$ 68,542,954

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2021

	GENERAL FUND 01	COUNTY SCHOOL FACILITIES FUND 35	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash: (Note 2)				
Cash in County Treasury	\$ 30,953,271	\$ 33,706,676	\$ 23,957,109	\$ 88,617,056
Cash on Hand and in Banks	-	-	688,718	688,718
Cash in Revolving Fund	25,200	-	-	25,200
Cash with Fiscal Agent	-	-	755,867	755,867
Accounts Receivable (Note 3)	30,040,457	-	734,992	30,775,449
Due from Other Funds (Note 4A)	8,816	-	1,863,625	1,872,441
Inventory	-	-	32,465	32,465
TOTAL ASSETS	\$ 61,027,744	\$ 33,706,676	\$ 28,032,776	\$ 122,767,196
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 20,085,102	\$ 254,686	\$ 47,558	\$ 20,387,346
Due to Other Funds	1,863,643	-	8,798	1,872,441
Unearned Revenue	1,860,211	-	-	1,860,211
Total Liabilities	23,808,956	254,686	56,356	24,119,998
Fund Balances: (Note 5)				
Nonspendable	25,200	-	32,465	57,665
Restricted	5,491,175	1,037,895	13,953,192	20,482,262
Committed	-	-	3,000,000	3,000,000
Assigned	27,074,513	32,414,095	10,990,763	70,479,371
Unassigned	4,627,900	-	-	4,627,900
Total Fund Balances	37,218,788	33,451,990	27,976,420	98,647,198
TOTAL LIABILITIES AND FUND BALANCES	\$ 61,027,744	\$ 33,706,676	\$ 28,032,776	\$ 122,767,196

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
 JUNE 30, 2021

Total Fund Balances - Governmental Funds \$ 98,647,198

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

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is \$241,308,899 and accumulated depreciation is \$65,610,591. 175,698,308

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 it is incurred. The additional liability for unmatured interest owing at the end of the period was: (1,381,766)

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 at year-end consist of:

General Obligation Bonds	\$	64,768,714	
Bond Premium		22,950	
Net OPEB Liability		9,920,747	
Certificates of Participation		19,935,000	
Net Pension Liability		140,601,538	
Compensated Absences		<u>2,133,002</u>	(237,381,951)

In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:

Deferred outflows of resources related to pensions	33,947,224
Deferred inflows of resources related to pensions	(2,674,241)

In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are:

Deferred outflows of resources related to OPEB	5,236,350
Deferred inflows of resources related to OPEB	(3,548,172)

Adjustment for rounding 4

Total Net Position - Governmental Activities \$ 68,542,954

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	GENERAL FUND	COUNTY SCHOOL FACILITIES FUND 35	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	\$ 62,768,432	\$ -	\$ -	\$ 62,768,432
Education Protection Account Funds	39,597,573	-	-	39,597,573
Local Sources	14,929,345	-	-	14,929,345
LCFF Transfers	(527)	-	-	(527)
Total LCFF Sources	117,294,823	-	-	117,294,823
Federal Revenues	20,077,917	-	4,815,242	24,893,159
Other State Revenues	22,300,013	5,054,448	1,395,078	28,749,539
Other Local Revenues	2,252,109	339,867	14,878,334	17,470,310
Total Revenues	161,924,862	5,394,315	21,088,654	188,407,831
EXPENDITURES				
Instruction	90,662,351	-	767,918	91,430,269
Instruction-Related Services:				
Supervision of Instruction	2,604,373	-	42,971	2,647,344
Instructional Library, Media and Technology	1,125,835	-	-	1,125,835
School Site Administration	11,068,293	-	182,600	11,250,893
Pupil Services:				
Home-to-School Transportation	2,127,332	-	-	2,127,332
Food Services	347,628	-	5,033,872	5,381,500
All Other Pupil Services	8,407,147	-	-	8,407,147
General Administration:				
Data Processing	3,862,462	-	-	3,862,462
All Other General Administration	5,517,905	-	307,387	5,825,292
Plant Services	19,617,099	-	40,412	19,657,511
Facilities Acquisition and Construction	51,755	2,078,150	5,182,664	7,312,569
Ancillary Services	1,227,392	-	305,662	1,533,054
Community Services	800	-	-	800
Other Outgo	2,145,487	-	-	2,145,487
Debt Service:				
Principal	870,000	-	2,197,422	3,067,422
Interest	645,342	-	3,258,223	3,903,565
Total Expenditures	150,281,201	2,078,150	17,319,131	169,678,482
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,643,661	3,316,165	3,769,523	18,729,349
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In (Note 4B)	10,000	-	3,975,193	3,985,193
Interfund Transfers Out (Note 4B)	(3,982,100)	-	(3,093)	(3,985,193)
Total Other Financing Sources (Uses)	(3,972,100)	-	3,972,100	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	7,671,561	3,316,165	7,741,623	18,729,349
FUND BALANCES - JULY 1, 2020, as Previously Reported				
	29,547,227	30,135,825	19,576,303	79,259,355
Adjustment for Restatement (Note 15)	-	-	658,494	658,494
FUND BALANCES - JULY 1, 2020, as Restated				
	29,547,227	30,135,825	20,234,797	79,917,849
FUND BALANCES - JUNE 30, 2021				
	\$ 37,218,788	\$ 33,451,990	\$ 27,976,420	\$ 98,647,198

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds		\$ 18,729,349
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the 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	\$ 7,384,850	
Depreciation Expense	<u>(5,221,723)</u>	2,163,127
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.		
		620,419
In the governmental funds, repayment of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		
		3,491,247
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported.		
		(4,035,027)
If a planned capital project is canceled and will not be completed, costs previously capitalized as Work in Progress must be written off to expense.		
		(353,704)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.		
		(10,590,744)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		
		666,585
In the statement of activities, compensated absences (vacation) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial recourses used (essentially, the amounts actually paid).		
		(148,820)
Adjustment for rounding		<u>(2)</u>
Change in Net Position of Governmental Activities		<u>\$ 10,542,430</u>

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>INVESTMENT TRUST FUND</u>
<u>ASSETS</u>	
Cash (Note 2)	
Cash With Fiscal Agent	\$ 7,384,072
TOTAL ASSETS	<u>\$ 7,384,072</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ -</u>
TOTAL LIABILITIES	-
<u>NET POSITION</u>	
Restricted for Other Postemployment Benefits	<u>7,384,072</u>
TOTAL NET POSITION	<u>\$ 7,384,072</u>

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	INVESTMENT TRUST FUND
<u>ADDITIONS</u>	
Contributions	\$ 1,831,980
<u>DEDUCTIONS</u>	
Distributions	1,016,466
Administration Fees	7,537
Total Deductions	1,024,003
Change in Net Position	807,977
Net Position - July 1, 2020, as Previously Reported	-
Adjustment for Restatement (Note 15)	6,576,095
Net Position - July 1, 2020, as Restated	6,576,095
Net Position - June 30, 2021	\$ 7,384,072

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Los Banos Unified School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

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

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

County School Facilities Fund 35 is used to account for revenues and expenditures for County School Facilities Program (SB40) approved projects.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains five non-major special revenue funds.

- Student Activity Special Revenue Fund 8 is used to account for governmental associated student body activities in accordance with GASB 84.
- Adult Fund 11 is used to account separately for federal, state and local revenues that are restricted or committed for adult education programs.
- Child Development Fund 12 is used to account for resources dedicated to child development programs maintained by the District.
- Cafeteria Fund 13 is used to account for revenues received and expenditures made to operate the District's food service operations.
- Deferred Maintenance Fund 14 is used for the purpose of major repair or replacement of District property.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains one nonmajor debt service fund.

- Bond Interest and Redemption Fund 51 is used to account for the accumulation of resources for the general obligation bonds, interest and related costs.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains five non-major capital projects funds.

- Building Fund 21 is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds
- Capital Facilities Fund 25 is used to account for resources received from developer fees.
- Special Reserve Fund 40 is used to account for revenues received and expenditures made in connection with maintenance of the District Property.
- Special Reserve Fund 41 is used to account for the proceeds of the 2012 Certificates of Participation.
- Community Facilities District Fund 49 is used to account for the capital projects financed by special taxes received from the Mello Roos District in Los Banos.

Fiduciary Funds:

Investment Trust Fund: The District maintains one investment trust fund. The District participates in the Self-Insured Schools of California (SISC) GASB 45 Trust A, which provides governmental agencies in California a mechanism for pre-funding Other Postemployment Benefits (OPEB) liabilities.

Reporting Entity

Los Banos Unified School District (the District) and the Community Facilities District (CFD) have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the CFD as a component unit of the District. The CFD was created for the sole purpose of financing the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including elementary and secondary school sites and structures, and other governmental facilities which the District is authorized by law to contract, own or operate in order to meet increased demands placed upon the District as a result of developments or rehabilitation occurring within the area covered by the CFD.

The following are those aspects of the relationship between the District and the CFD, which satisfy GASB Statement No. 14 criteria:

Oversight Responsibility:

1. The CFD's legislative body is composed of the members of the District's Board of Education.
2. The District is able to impose its will upon the CFD, based on the following:
 - All major financing arrangements, contracts and other transactions of the CFD must have the consent of the District.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

- The District exercises significant influence over operations of the CFD. The facilities to be financed by the CFD are determined by the District and all facilities financed by the CFD will be owned and operated by the District.
3. The CFD provides specific financial benefits or imposes specific financial burdens on the District based on the following:
- The major revenue sources of the CFDs are the special taxes levied on properties located in the Project area. The rate of special taxes to be levied and collected are determined by the Board of Education of the District.

Financial Presentation

The financial activities of the CFD are presented in Community Facilities District Fund 49.

Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

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

Fund Financial Statements:

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

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

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

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within one year after year-end.

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

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the District's Board of Education must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Education satisfied these requirements.

These budgets are revised by the District's Board of Education during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2021.

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

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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 (expenses) during the reporting period. Actual results could differ from those estimates.

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 outstanding encumbrances were liquidated at June 30.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventory

Inventory in the Cafeteria Fund consists mainly of expendable supplies held for consumption. Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and the cost is recorded as an expenditure at the time individual inventory items are requisitioned. In general, inventories are valued on the weighted average cost method. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of fund balance.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset, significantly increase capacity or increase utility are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Building	25-50
Improvements	20
Vehicles	8-10
Office Equipment	5-20
Computer Equipment	5

Interfund Balances

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

Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. An expenditure for these amounts is reported in the governmental funds only if they have been paid, i.e., as a result of taking vacation time.

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

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long-term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Education (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan’s fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable includes applicable bond premium.

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

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Full implementation of LCFF was realized in fiscal year 2018-19.

Merced County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31. Secured property taxes are recorded as revenue when received by the District. The County apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method, known as the Teeter Plan, provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

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

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

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) statements are effective for FY 2020-21 financial statement audits:

- GASB Statement No. 84, *Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

- GASB Statement No. 92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, *Omnibus 2020* has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the term's derivative and derivatives in existing standards to derivative instrument and derivative instruments, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – and Amendment to GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans*, respectively. The requirements in paragraphs 6-9 of this Statement are effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

LOS BANOS UNIFIED SCHOOL DISTRICT
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Future Accounting Procurements

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

- The effective date for the following pronouncements are postponed by one year:
 - Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
 - Statement No. 91, *Conduit Debt Obligations*
 - Statement No. 92, *Omnibus 2020*
 - Statement No. 93, *Replacement of Interbank Offered Rates*

- The effective dates for the following pronouncements are postponed by 18 months:
 - Statement No. 87, *Leases*

2. CASH AND DEPOSITS

Cash at June 30, 2021, consisted of the following:

	Governmental Funds	Fiduciary Fund	Total
Pooled Funds:			
Cash in County Treasury	\$ 88,617,056	\$ -	\$ 88,617,056
Deposits:			
Cash on Hand and in Banks	688,718	-	688,718
Cash in Revolving Fund	25,200	-	25,200
Cash with Fiscal Agent	755,867	7,384,072	8,139,939
Total	\$ 90,086,841	\$ 7,384,072	\$ 97,470,913

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Merced County Treasury as part of the investment pool which has a balance on June 30, 2021 of \$1,360,114,212. The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2021, as provided by the pool sponsor, was \$1,364,573,360. The County is required by Government Code Section 53635 pursuant to section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Merced County Investment Pool with a fair value of approximately \$88,907,588 and an amortized book value of \$88,617,056. The average weighted maturity for this pool is 658 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 % of the secured deposits.

Cash in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

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

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

3. ACCOUNTS RECEIVABLE

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

	GENERAL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Accounts Receivable			
Federal Sources			
Categorical Aid Programs	\$ 5,913,476	\$ -	\$ 5,913,476
Child Nutrition Program	-	615,303	615,303
Total Federal	5,913,476	615,303	6,528,779
State Sources			
Categorical Aid Programs	3,030,701	25,557	3,056,258
Child Nutrition Program	-	51,533	51,533
LCFF	20,289,886	-	20,289,886
Lottery	725,346	-	725,346
Total State	24,045,933	77,090	24,123,023
Local Sources			
Local Governments	54,259	37,623	91,882
Other	26,789	4,976	31,765
Total Local	81,048	42,599	123,647
Total Accounts Receivable	\$ 30,040,457	\$ 734,992	\$ 30,775,449

4. INTERFUND TRANSACTIONS

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

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2021, are as follows:

DUE FROM	DUE TO		
	GENERAL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
General Fund	\$ -	\$ 1,863,643	\$ 1,863,643
All Other Governmental Funds	8,816	(18)	8,798
Total	\$ 8,816	\$ 1,863,625	\$ 1,872,441

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2020-21 fiscal year were as follows:

<u>TRANSFERS FROM</u>	<u>TRANSFERS TO</u>		
	<u>GENERAL FUND</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
General Fund	\$ -	\$ 3,982,100	\$ 3,982,100
All Other Governmental Funds	10,000	(6,907)	3,093
Total	<u>\$ 10,000</u>	<u>\$ 3,975,193</u>	<u>\$ 3,985,193</u>

5. FUND BALANCE

Ending fund balance in the governmental funds is composed of the following elements:

	<u>GENERAL FUND</u>	<u>COUNTY SCHOOL FACILITIES FUND 35</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
Nonspendable:				
Revolving Fund	\$ 25,200	\$ -	\$ -	\$ 25,200
Inventory	-	-	32,465	32,465
Total Nonspendable	<u>25,200</u>	<u>-</u>	<u>32,465</u>	<u>57,665</u>
Restricted for:				
Legally Restricted Balances	<u>5,491,175</u>	<u>1,037,895</u>	<u>13,953,192</u>	<u>20,482,262</u>
Committed	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
Assigned for:				
Clearing	570,163	-	-	570,163
LBTA Conference Fund	130,806	-	-	130,806
Technology Grant	90,373	-	-	90,373
MediCal Administrative Activities (MAA)	111,985	-	-	111,985
Special Ed Preschool Grant	245,638	-	-	245,638
ADA Hold Harmless 22-23	2,050,563	-	-	2,050,563
Supplemental/Concentration Grant	3,718,030	-	-	3,718,030
Lottery Funds	1,736,357	-	-	1,736,357
Payroll Reserves	18,420,598	-	-	18,420,598
Other Assignments	-	32,414,095	10,990,763	43,404,858
Total Assigned	<u>27,074,513</u>	<u>32,414,095</u>	<u>10,990,763</u>	<u>70,479,371</u>
Unassigned	<u>4,627,900</u>	<u>-</u>	<u>-</u>	<u>4,627,900</u>
Total Fund Balances	<u>\$ 37,218,788</u>	<u>\$ 33,451,990</u>	<u>\$ 27,976,420</u>	<u>\$ 98,647,198</u>

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2021, is shown below:

PRIMARY GOVERNMENT				
	Balance June 30, 2020*	Additions	Project closeout/ Retirements	Balance June 30, 2021
Land	\$ 10,846,483	\$ -	\$ 435,596	\$ 10,410,887
Site Improvements	22,535,443	617,132	1,241,114	21,911,461
Buildings	156,836,485	3,509,781	1,868,361	158,477,905
Furniture and Equipment	22,202,756	381,528	7,992,026	14,592,258
Work in Progress	33,393,684	6,952,032	4,429,328	35,916,388
Total at Historical Cost	245,814,851	11,460,473	15,966,425	241,308,899
Less Accumulated Depreciation for:				
Site Improvements	11,844,215	892,690	837,983	11,898,922
Buildings	43,864,890	3,378,331	1,332,787	45,910,434
Furniture and Equipment	12,191,833	940,702	5,331,300	7,801,235
Total Accumulated Depreciation	67,900,938	5,211,723	7,502,070	65,610,591
Governmental Activities Capital Assets, Net	\$ 177,913,913	\$ 6,248,750	\$ 8,464,355	\$ 175,698,308

* As the result of a physical inventory, numerous assets were reclassified or deleted.

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	\$ 3,118,312
Supervision of Instruction	90,290
Instructional Library, Media and Technology	38,398
School Site Administration	383,722
Home-to-School Transportation	72,555
Food Services	168,553
All Other Pupil Services	286,733
All Other General Administration	198,677
Centralized Data Processing	131,733
Plant Services	670,437
Ancillary Services	52,286
Community Services	27
Total Depreciation Expense	\$ 5,211,723

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

7. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2021, is shown below:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
General Obligation Bonds	\$ 67,386,136	\$ 5,185,000	\$ 7,802,422	\$ 64,768,714	\$ 2,275,000
Bond Premium	26,775	-	3,825	22,950	3,825
Certificates of Participation	20,805,000	-	870,000	19,935,000	890,000
Other Postemployment Benefits	9,564,533	356,214	-	9,920,747	-
Net Pension Liability	128,615,653	11,985,885	-	140,601,538	-
Compensated Absences	1,984,182	148,820	-	2,133,002	-
Total	\$ 228,382,279	\$ 17,675,919	\$ 8,676,247	\$ 237,381,951	\$ 3,168,825

8. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2021, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding June 30, 2020	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2021
1996 Series A	3/19/1996	2021	3.5-5.85%	\$ 6,978,434	\$ 202,422	\$ -	\$ 202,422	\$ -
2010 Refunding	9/30/2010	2027	2.0-4.0%	12,840,000	6,430,000	-	6,430,000	-
2008 2015B	6/10/2015	2039	4.79-5.15%	9,998,714	9,998,714	-	-	9,998,714
2015 Refunding	6/10/2015	2033	2.0-5.0%	29,790,000	27,255,000	-	1,170,000	26,085,000
2018 Series 2018	8/9/2018	2048	3.38-4.0%	23,500,000	23,500,000	-	-	23,500,000
2020 Refunding	8/6/2020	2027	4.00%	5,185,000	-	5,185,000	-	5,185,000
				\$ 88,292,148	\$ 67,386,136	\$ 5,185,000	\$ 7,802,422	\$ 64,768,714

The annual requirement to amortize the 2008 Series 2015B general obligation bonds payable, outstanding at June 30, 2021, is as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-31	-	-	-
2032-36	6,412,946	9,457,054	15,870,000
2037-39	3,585,768	7,219,232	10,805,000
Total	\$ 9,998,714	\$ 16,676,286	\$ 26,675,000

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The annual requirement to amortize the 2015 Refunding general obligation bonds payable, outstanding at June 30, 2021, is as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,315,000	\$ 1,175,188	\$ 2,490,188
2023	1,470,000	1,112,137	2,582,137
2024	1,645,000	1,034,263	2,679,263
2025	1,835,000	947,262	2,782,262
2026	2,040,000	850,387	2,890,387
2027-31	13,685,000	2,600,588	16,285,588
2032-33	4,095,000	120,031	4,215,031
Total	<u>\$ 26,085,000</u>	<u>\$ 7,839,856</u>	<u>\$ 33,924,856</u>

The annual requirement to amortize the Election of 2018, Series 2018 general obligation bonds payable, outstanding at June 30, 2021, is as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 100,000	\$ 1,018,087	\$ 1,118,087
2023	180,000	1,012,488	1,192,488
2024	275,000	1,003,387	1,278,387
2025	380,000	990,288	1,370,288
2026	490,000	970,437	1,460,437
2027-31	1,700,000	4,557,938	6,257,938
2032-36	2,870,000	4,126,294	6,996,294
2037-41	5,010,000	3,470,437	8,480,437
2042-46	8,055,000	2,183,400	10,238,400
2047-48	4,440,000	227,000	4,667,000
Total	<u>\$ 23,500,000</u>	<u>\$ 19,559,756</u>	<u>\$ 43,059,756</u>

The annual requirement to amortize the 2020 Refunding general obligation bonds payable, outstanding at June 30, 2021, is as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 860,000	\$ 184,727	\$ 1,044,727
2023	885,000	155,300	1,040,300
2024	925,000	119,100	1,044,100
2025	965,000	81,300	1,046,300
2026	1,005,000	41,900	1,046,900
2027	545,000	10,900	555,900
Total	<u>\$ 5,185,000</u>	<u>\$ 593,227</u>	<u>\$ 5,778,227</u>

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The total annual requirement to amortize general obligation bonds payable, outstanding at June 30, 2021, is summarized below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,275,000	\$ 2,378,002	\$ 4,653,002
2023	2,535,000	2,279,925	4,814,925
2024	2,845,000	2,156,750	5,001,750
2025	3,180,000	2,018,850	5,198,850
2026	3,535,000	1,862,724	5,397,724
2027-31	15,930,000	7,169,426	23,099,426
2032-36	13,377,946	13,703,379	27,081,325
2037-41	8,595,768	10,689,669	19,285,437
2042-46	8,055,000	2,183,400	10,238,400
2047-48	4,440,000	227,000	4,667,000
Total	<u>\$ 64,768,714</u>	<u>\$ 44,669,125</u>	<u>\$ 109,437,839</u>

The annual requirement to amortize the 2010 Refunding general obligation bond premium, outstanding at June 30, 2021, is as follows:

<u>Year Ending June 30</u>	<u>Premium</u>
2022	\$ 3,825
2023	3,825
2024	3,825
2025	3,825
2026	3,825
2027	3,825
Total	<u>\$ 22,950</u>

9. CERTIFICATES OF PARTICIPATION

A. In September 2012, Los Banos Unified School District issued Certificates of Participation in the amount of \$7,495,000 with interest rates ranging from 2.00 to 3.125 percent.

The certificates mature through August 2022, as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 890,000	\$ 42,100	\$ 932,100
2023	920,000	14,375	934,375
Total	<u>\$ 1,810,000</u>	<u>\$ 56,475</u>	<u>\$ 1,866,475</u>

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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- B. In July 2015, Los Banos Unified School District issued Certificates of Participation in the amount of \$18,125,000 with interest rates ranging from 3.75 to 5.00 percent.

The certificates mature through August 2045, as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 757,744	\$ 757,744
2023	-	757,744	757,744
2024	505,000	745,119	1,250,119
2025	530,000	719,244	1,249,244
2026	555,000	692,119	1,247,119
2027-31	3,215,000	3,010,919	6,225,919
2032-36	3,955,000	2,275,872	6,230,872
2037-41	4,795,000	1,408,500	6,203,500
2042-45	4,570,000	374,600	4,944,600
Total	<u>\$ 18,125,000</u>	<u>\$ 10,741,861</u>	<u>\$ 28,866,861</u>
Grand Total	<u>\$ 19,935,000</u>	<u>\$ 10,798,336</u>	<u>\$ 30,733,336</u>

10. OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description.

Plan administration. The District provides for medical, prescription drug, dental, and vision benefits for its Certificated employees and retirees through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insured basis. Dental and vision benefits are 100% self-paid. Employees and retirees of groups other than Certificated have their health insurance coverage provided through the Self-Insured Schools of California (SISC III), a California Joint Powers Authority.

Benefits Provided

Employees are subject to eligibility requirements in effect at the time of their respective retirement date. Current Classified employees may retire with District-paid healthcare benefits after the later of age 57 and 15 years of service immediately prior to retirement. Certificated employees may retire with District-paid healthcare benefits after the later of age 59 and 20 years of service immediately prior to retirement

District Contributions are limited to a cap of \$1,494.41 per month for Certificated retirees, \$1,616.36 per month for Management, Supervisors, Confidential and Administrative retirees, and \$1,650.20 for Classified retirees.

District-paid benefits end at age 65.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Employees Covered by Benefit Terms

On July 1, 2021, the most recent valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	43
Active plan members	1,037
Total	1,080

Contributions

The District has an OPEB trust with SISC. The District contributes 100 percent of the cost of current year premiums for eligible retired plan members and their spouses, as applicable. Information regarding the OPEB trust with SISC can be obtained from the Los Banos Unified School District Business Office.

Net OPEB Liability

The District’s net OPEB liability of was measured as of June 30, 2020, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2020 (June 30, 2020). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%	
Inflation rate	2.75%	
Investment rate of return	6.50%, net of OPEB plan investment expense	
Healthcare cost trend rate	4.00% for 2020-2023, 5.20% for 2024-2069 and 4.00% for 2070 and later years.	

Pre-retirement mortality rates were based on the CalSTRS Experience Analysis (2015-2018) and the CalPERS Experience Study (1997-2015). Postretirement Mortality was also based on the aforementioned studies.

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S Equity	60%	4.4%
U.S Fixed	40%	1.5%

LOS BANOS UNIFIED SCHOOL DISTRICT
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Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit requirements and the following information:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long-Term Expected Return of Plan Investments (if any)</u>	<u>Municipal Bond 20-Year High Grade Rate Index</u>	<u>Discount Rate</u>
June 30, 2020	June 30, 2019	6.50%	3.13%	6.50%
June 30, 2021	June 30, 2020	6.50%	2.45%	6.50%

Changes in the Total OPEB Liability (July 1, 2019 – June 30, 2020)

Total OPEB Liability	
Service Cost	\$ 762,808
Interest	1,030,812
Difference between expected and actual experience	985,721
Changes of assumptions	(892,604)
Benefit payments	<u>(956,409)</u>
Net change in total OPEB liability	930,328
Total OPEB liability - July 1, 2019 (a)	<u>15,566,514</u>
Total OPEB liability - June 30, 2020 (b)	<u>\$ 16,496,842</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,528,393
Net investment income	8,238
Benefit payments	(956,409)
Trustee fees	(3,054)
Administrative expense	<u>(3,054)</u>
Net change in plan fiduciary net position	574,114
Plan Fiduciary Net Position - July 1, 2019 (c)	<u>6,001,981</u>
Plan Fiduciary Net Position - June 30, 2020 (d)	<u>\$ 6,576,095</u>
Net OPEB Liability - Beginning July 1, 2019 (a) - (c)	<u>\$ 9,564,533</u>
Net OPEB Liability - Ending June 30, 2020 (b) - (d)	<u>\$ 9,920,747</u>

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability (asset)	\$ 11,366,745	\$ 9,920,747	\$ 8,619,409

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease*	Trend Rate	1% Increase**
Net OPEB liability (asset)	\$ 8,332,442	\$ 9,920,747	\$ 11,770,711

* 3.0% for 2020-2023, 4.2% for 2024-2069, and 3.0% for 2070 and later years

** 5.0% for 2020-2023, 6.2% for 2024-2069, and 5.0% for 2070 and later years

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,235,732. At June 30, 2021 the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions after the measurement date	\$ 1,902,317	\$ -
Differences between expected and actual experience	885,137	623,694
Changes in assumptions or other inputs	2,123,962	2,846,644
Difference between projected and actual return on investments	324,934	77,834
Total	\$ 5,236,350	\$ 3,548,172

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

\$1,902,317 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 494,165	\$ 515,183
2023	494,165	471,793
2024	494,165	457,309
2025	494,163	455,485
2026	412,931	455,484
Thereafter	<u>944,444</u>	<u>1,192,918</u>
Total	<u>\$ 3,334,033</u>	<u>\$ 3,548,172</u>

11. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). Benefit provisions under the plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalPERS and CalSTRS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Provided

CalPERS and CalSTRS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of service credit for each year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013, are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

The plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalPERS		CalSTRS	
	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>
Hire Date				
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	7.000%	7.000%	10.250%	10.250%
Required employer contribution rates	20.700%	20.700%	16.150%	16.150%

*Amounts are limited to 120% of Social Security Wage Base.

Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 6.00%, and the employer contribution rate was 13.88% of annual payroll. For the fiscal year ending June 30, 2019, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 7.00%, and the employer's contribution rate was 20.70%.

On-Behalf Payments

Consistent with Section 20825.2 of the Government Code, the State of California appropriated \$904,000,000 from the General Fund for the 2019-20 fiscal year to be apportioned as follows:

- a) \$144,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2020-21 fiscal year.
- b) \$100,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2021-22 fiscal year.
- c) \$660,000,000 shall be applied to the unfunded liabilities for the school employers whose assets and liabilities are merged pursuant to subdivision (a) of Section 20618.

Any payments made pursuant to this section shall not discharge the school employers for any remaining amounts due and payable pursuant to this part.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Contributions - CalSTRS

For the measurement period ended June 30, 2020 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions 10.205% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.150% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Section 22950.5 states, "For fiscal year 2021-22 and each fiscal year thereafter, the board shall increase or decrease the percentages paid specified in this section from the percentage paid during the prior fiscal year to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the board based upon a recommendation from its actuary."

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2020 (measurement date), the State contributed 10.328% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Contributions Recognized

For the year ended June 30, 2021, the contributions recognized as part of pension expense for each plan were as follows:

	CalPERS	CalSTRS
Contributions - Employer	\$ 4,247,595	\$ 9,173,023
Contributions - Employee (via employer)	1,507,691	5,474,310
Contributions - State On-Behalf Payments	-	6,378,784
Total	\$ 5,755,286	\$ 21,026,117

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

As of June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalPERS	\$ 45,776,081
CalSTRS	94,825,457
Total Net Pension Liability	\$ 140,601,538

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2020. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. The District's proportionate share 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.

For the year ended June 30, 2021, the District recognized pension expense of \$29,480,186. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 18,889,441	\$ -
Differences between actual and expected experience	2,437,677	2,674,241
Changes in assumptions	9,414,688	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	3,205,421	-
	\$ 33,947,227	\$ 2,674,241
Total		

\$18,889,441 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, 2021. The 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 Ending June 30		
2022	\$	2,048,646
2023		4,160,544
2024		4,901,186
2025		1,512,970
2026		(257,781)
Thereafter		17,980
Total	\$	12,383,545

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	<u>CalPERS</u>	<u>CalSTRS</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth	3.00%	3.50%
Projected Salary Increase	Varies *	Varies *
Investment Rate of Return	7.15% #	7.10% #
Mortality	Varies &	Varies &

* Depending on age, service and type of employment

Net of pension plan investment expenses, including inflation

& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for CalPERS and 7.10% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS 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 discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan.

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS and CalSTRS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS and CalSTRS review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require board action and proper stakeholder outreach.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

CalSTRS conducts an Asset Liability Management (ALM) study every four years to direct how the Investment staff allocates assets among different opportunities. This study weighs the teachers' pension liabilities versus assets needed to fund these pensions over the long term and is a critical process that drives the performance of the investment portfolio.

The culmination of the most recent study was marked by new long-term asset allocation targets adopted by the board's Investment Committee in November 2019. These targets balance the tradeoff between achieving full funding, the risk of low funding and the risk of higher contribution rates based on the CalSTRS Funding Plan.

In January 2020, the Investment Committee was presented with a plan to navigate from the current asset allocation to the new long-term targets.

As part of the Asset Liability Management (ALM) process, the CalPERS Board of Administration (the Board) reviewed the capital market assumptions and economic assumptions in June 2020.

In June 2020, CalPERS' investment staff presented updates on capital market assumptions and economic assumptions to the Board. The capital market assumptions update compared the 10-year 2020 expected returns to 2017 for the PERF and 2018 for the affiliates. The economic assumptions presented an economic overview based on the unprecedented impact caused by COVID-19. Topics addressed were U.S. unemployment, U.S. GDP, U.S. & Global responses, and the economic uncertainty forecasted. Last, the Board received a presentation regarding next step planning and preparation for the ALM cycle set to begin in 2021.

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	CalSTRS	
	Assumed Assets Allocation	Long Term Expected Rate of Return*
Public Equity	42.00%	4.80%
Fixed Income	12.00%	1.30%
Inflation Sensitive	6.00%	3.30%
Private Equity	13.00%	6.30%
Real Estate	15.00%	3.60%
Liquidity	2.00%	-0.40%
Risk Mitigating Strategies	10.00%	1.80%

* 20-year average

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Asset Class	CalPERS		
	Assumed Asset Allocation	Real Return (Years 1-10) *	Real Return (Years 11+) #
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

* An expected inflation of 2.00% used for this period

An expected inflation of 2.92% used for this period

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

The following represents 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:

	CalPERS	CalSTRS
1% Decrease	6.15%	6.10%
Net Pension Liability	\$ 65,811,464	\$ 143,268,056
Current Discount Rate	7.15%	7.10%
Net Pension Liability	\$ 45,776,081	\$ 94,825,457
1% Increase	8.15%	8.10%
Net Pension Liability	\$ 29,147,719	\$ 54,829,269

Pension Plan Fiduciary Net Position

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

12. COMPENSATED ABSENCES

The accumulated unpaid employee compensated absences as of June 30, 2021, amounted to \$2,133,002, which is included in general long-term debt.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

13. JOINT POWERS AGREEMENTS

The District has entered into joint powers agreements (JPAs) with other governmental units, as allowed by the California Government Code. These JPAs have budgeting and financial reporting requirements independent of member units, whose financial statements are not presented in these financial statements; however, fund transactions between the entities and Los Banos Unified School District are included in these statements. Summarized below is certain information on these entities.

Organization of Self-Insured Schools (OSS)

Purpose: To provide quality property and liability insurance at reduced rates.
Participants: Other school districts in California.
Governing Board: One representative for each district per 4,000 ADA.

Merced County Schools Insurance Group (MCSIG)

Purpose: To provide an insurance purchasing pool for workers' compensation insurance.
Participants: School districts in Merced County.
Governing Board: Seven-member executive board consisting of a representative from the Merced County Office of Education and member districts.

Self Insured Schools of California III (SISC III)

Purpose: Arranges for and provides health insurance coverage for their member districts.
Participants: Local educational agencies throughout California.
Governing Board: Board of Directors are elected by member districts. All board members are employees of school districts.

California's Valued Trust (CVT)

Purpose: Arranges for and provides health insurance coverage for their member districts.
Participants: Local educational agencies throughout California.
Governing Board: Twelve-person Board of Trustees comprised of six management members and three each from CTA and CSEA.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

Condensed financial information of these JPAs are as follows:

	Audited June 30, 2021 OSS	Audited June 30, 2020 MSCIG
Total Assets	\$ 5,835,039	\$ 46,231,451
Total Liabilities	1,100,354	19,174,767
Net Position	<u>\$ 4,734,685</u>	<u>\$ 27,056,684</u>
Total Revenues and Other Sources	\$ 5,641,145	\$ 11,734,126
Total Expenditures	5,261,512	3,839,277
Net Increase (Decrease) in Net Position	<u>\$ 379,633</u>	<u>\$ 7,894,849</u>

	Audited June 30, 2020 SISC III	Audited September 30, 2019 CVT
Total Assets	\$ 894,318,838	\$ 161,910,543
Total Liabilities	210,116,678	11,997,568
Net Position	<u>\$ 684,202,160</u>	<u>\$ 149,912,975</u>
Total Revenues and Other Sources	\$ 2,639,716,772	\$ 788,536,838
Total Expenditures	2,482,489,489	781,706,552
Net Increase (Decrease) in Net Position	<u>\$ 157,227,283</u>	<u>\$ 6,830,286</u>

14. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

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

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

C. Construction Commitments

The District had no construction commitments at June 30, 2021.

15. ADJUSTMENT FOR RESTATEMENT

In accordance with GASB Statement No. 84, the activities of the Associated Student Body Funds are now reported as a governmental fund. Net position and fund balance have been restated by \$658,494 to reflect the change.

As the result of a physical inventory of the District's capital assets, the beginning balance was restated to include items that were previously misclassified and to remove items that were capitalized in error. Net position at July 1, 2020 was restated by \$(4,115,464).

The Investment Trust Fund has been included in the financial statements in accordance with GASB 84. The beginning balance of net position in the Fiduciary Funds has been restated by \$6,576,095.

Required Supplementary
Information

**LOS BANOS UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	\$ 78,873,584	\$ 82,363,512	\$ 62,768,432	\$ (19,595,080)
Education Protection Account Funds	13,490,309	21,276,373	39,597,573	18,321,200
Local Sources	<u>13,617,726</u>	<u>14,913,220</u>	<u>14,928,818</u>	<u>15,598</u>
Total LCCFF Sources	105,981,619	118,553,105	117,294,823	(1,258,282)
Federal Revenues	7,117,902	34,248,678	20,077,917	(14,170,761)
Other State Revenues	12,180,239	21,388,698	22,300,013	911,315
Other Local Revenues	<u>317,420</u>	<u>1,614,432</u>	<u>2,252,109</u>	<u>637,677</u>
Total Revenues	<u>125,597,180</u>	<u>175,804,913</u>	<u>161,924,862</u>	<u>(13,880,051)</u>
EXPENDITURES				
Certificated Salaries	53,760,968	55,605,843	57,315,601	(1,709,758)
Classified Salaries	20,276,873	20,810,371	20,741,981	68,390
Employee Benefits	40,857,392	40,836,565	41,329,941	(493,376)
Books and Supplies	7,007,431	29,145,461	14,878,935	14,266,526
Services and Other Operating Expenditures	10,081,149	25,130,279	12,057,105	13,073,174
Other Outgo	2,122,328	2,129,366	2,145,487	(16,121)
Direct Support/Indirect Costs	(294,193)	(377,939)	(304,637)	(73,302)
Capital Outlay	780,041	914,294	601,446	312,848
Debt Service:				
Principal	-	-	870,000	(870,000)
Interest	<u>757,744</u>	<u>757,744</u>	<u>645,342</u>	<u>112,402</u>
Total Expenditures	<u>135,349,733</u>	<u>174,951,984</u>	<u>150,281,201</u>	<u>24,670,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,752,553)</u>	<u>852,929</u>	<u>11,643,661</u>	<u>10,790,732</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	-	-	10,000	10,000
Interfund Transfers Out	<u>(80,000)</u>	<u>(972,101)</u>	<u>(3,982,100)</u>	<u>(3,009,999)</u>
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(972,101)</u>	<u>(3,972,100)</u>	<u>(2,999,999)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (9,832,553)</u>	<u>\$ (119,172)</u>	7,671,561	<u>\$ 7,790,733</u>
FUND BALANCE - JULY 1, 2020			<u>29,547,227</u>	
FUND BALANCE - JUNE 30, 2021			<u>\$ 37,218,788</u>	

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Total OPEB Liability	\$ 16,496,842	\$ 15,566,514	\$ 17,065,284	\$ 14,131,092
Plan fiduciary net position	6,576,095	6,001,981	4,880,159	4,019,535
Net OPEB liability	<u>\$ 9,920,747</u>	<u>\$ 9,564,533</u>	<u>\$ 12,185,125</u>	<u>\$ 10,111,557</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Reporting date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Covered payroll	\$ 77,605,020	\$ 75,269,622	\$ 67,678,710	\$ 70,637,012
Net OPEB liability (asset) as a percentage of covered payroll	12.78%	12.71%	18.00%	14.31%
Plan fiduciary net position as a percentage of the total OPEB liability	39.86%	38.56%	28.60%	28.44%
Total OPEB Liability				
Service Cost	\$ 762,808	\$ 1,022,894	\$ 689,666	\$ 345,522
Interest	1,030,812	777,252	892,603	859,886
Difference between expected and actual experience	985,721	-	(898,851)	-
Changes of assumptions	(892,604)	(2,590,488)	3,061,003	-
Benefit payments	<u>(956,409)</u>	<u>(708,428)</u>	<u>(810,229)</u>	<u>(597,263)</u>
Net change in total OPEB liability	930,328	(1,498,770)	2,934,192	608,145
Total OPEB liability - July 1 (a)	<u>15,566,514</u>	<u>17,065,284</u>	<u>14,131,092</u>	<u>13,522,947</u>
Total OPEB liability - June 30 (b)	<u>\$ 16,496,842</u>	<u>\$ 15,566,514</u>	<u>\$ 17,065,284</u>	<u>\$ 14,131,092</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,528,393	\$ 1,479,604	\$ 1,321,145	\$ 1,221,768
Net investment income	8,238	355,753	354,104	396,340
Benefit payments	(956,409)	(708,428)	(810,229)	(597,263)
Trustee fees	(3,054)	(2,554)	(2,198)	(1,677)
Administrative expense	<u>(3,054)</u>	<u>(2,553)</u>	<u>(2,198)</u>	<u>(1,677)</u>
Net change in plan fiduciary net position	574,114	1,121,822	860,624	1,017,491
Plan Fiduciary Net Position - July 1 (c)	<u>6,001,981</u>	<u>4,880,159</u>	<u>4,019,535</u>	<u>3,002,044</u>
Plan Fiduciary Net Position - June 30 (d)	<u>\$ 6,576,095</u>	<u>\$ 6,001,981</u>	<u>\$ 4,880,159</u>	<u>\$ 4,019,535</u>
Net OPEB Liability - Beginning July 1 (a) - (c)	<u>\$ 9,564,533</u>	<u>\$ 12,185,125</u>	<u>\$ 10,111,557</u>	<u>\$ 10,520,903</u>
Net OPEB Liability - Ending June 30 (b) - (d)	<u>\$ 9,920,747</u>	<u>\$ 9,564,533</u>	<u>\$ 12,185,125</u>	<u>\$ 10,111,557</u>

* 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.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Contractually determined contribution	\$ 1,435,637	\$ 1,324,931	\$ 1,286,340	\$ 927,217
Contributions in relation to the contractually determined contribution	<u>1,528,393</u>	<u>1,479,614</u>	<u>1,321,145</u>	<u>1,221,768</u>
Contribution deficiency (excess)	<u>\$ (92,756)</u>	<u>\$ (154,683)</u>	<u>\$ (34,805)</u>	<u>\$ (294,551)</u>
Covered-employee payroll	<u>\$ 77,605,020</u>	<u>\$ 75,269,622</u>	<u>\$ 67,678,710</u>	<u>\$ 70,637,012</u>
Contributions as a percentage of covered-employee payroll	<u>1.97%</u>	<u>1.97%</u>	<u>1.95%</u>	<u>1.73%</u>

* 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.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CalPERS						
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.01492%	0.01520%	0.14727%	0.14190%	0.12629%	0.12802%	0.12338%
District's proportionate share of the net pension liability	\$ 45,776,081	\$ 44,287,604	\$ 39,266,818	\$ 33,875,275	\$ 24,942,353	\$ 18,870,274	\$ 14,006,634
District's covered-employee payroll	\$ 21,538,436	\$ 21,056,970	\$ 19,425,240	\$ 18,094,492	\$ 15,151,524	\$ 14,167,802	\$ 12,951,276
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212.53%	210.32%	202.14%	187.21%	164.62%	133.19%	108.15%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CalSTRS						
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.09785%	0.09337%	0.08951%	0.08430%	0.08245%	0.08108%	0.07688%
District's proportionate share of the net pension liability	\$ 94,825,457	\$ 84,328,049	\$ 82,265,956	\$ 77,960,640	\$ 66,686,385	\$ 54,586,299	\$ 44,926,366
State's proportionate share of the net pension liability associated with the District	32,254,879	29,766,958	29,952,212	28,977,970	24,193,820	20,551,742	16,914,777
Total	\$ 127,080,336	\$ 114,095,007	\$ 112,218,168	\$ 106,938,610	\$ 90,880,205	\$ 75,138,041	\$ 61,841,143
District's covered-employee payroll	\$ 53,643,409	\$ 50,947,727	\$ 47,647,207	\$ 44,678,362	\$ 40,962,936	\$ 37,633,063	\$ 34,067,176
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.77%	165.52%	172.66%	174.49%	162.80%	145.05%	131.87%
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALPERS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CalPERS

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 4,495,050	\$ 4,247,595	\$ 3,803,310	\$ 3,115,885	\$ 2,418,203	\$ 1,795,001	\$ 1,667,692
Contributions in relation to the contractually required contribution	4,495,050	4,247,595	3,803,310	3,115,885	2,418,203	1,795,001	1,667,692
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 21,715,217	\$ 21,538,436	\$ 20,445,705	\$ 20,062,359	\$ 17,412,176	\$ 15,151,524	\$ 14,167,802
Contributions as a percentage of covered- employee payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CalSTRS									
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015			
Contractually required contribution	\$ 8,862,365	\$ 9,173,023	\$ 8,294,290	\$ 6,899,016	\$ 5,719,135	\$ 4,395,323	\$ 3,341,816			
Contributions in relation to the contractually required contribution	8,862,365	9,173,023	8,294,290	6,899,016	5,719,135	4,395,323	3,341,816			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
District's covered-employee payroll	\$ 54,875,328	\$ 53,643,409	\$ 50,947,726	\$ 47,810,229	\$ 45,462,122	\$ 40,962,936	\$ 37,633,063			
Contributions as a percentage of covered- employee payroll	16.50%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%			

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2021, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund	
Certificated Salaries	\$ 1,709,758
Employee Benefits	493,376
Other Outgo	16,121
Direct Support/Indirect Costs	73,302
Debt Service -Principal	870,000

2. PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

These schedules are 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 schedules present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information as of the measurement date of the net OPEB liability.

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 proportion 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 Pension 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 ratio of the actual contributions divided by covered-employee payroll.

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

3. SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Benefit Changes - PERS

There were no changes to benefit terms that applied to all members of the Schools Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separately financed employer-specific liabilities.

Changes of Assumptions – PERS

None.

Changes of Assumptions - STRS

None.

Changes of Assumptions - OPEB

The inflation rate was changed from 3.00% to 2.75%. Health care cost trend rates were also changed from 5.00% in later years to 5.20% for 2024-2069 and 4.00% for years after that.

Supplementary Information

STATEMENT 1

LOS BANOS UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2021

	STUDENT ACTIVITY SPECIAL REVENUE FUND 8	ADULT FUND 11	CHILD DEVELOPMENT FUND 12	CAFETERIA FUND 13	DEFERRED MAINTENANCE FUND 14	TOTAL
ASSETS						
Cash:						
Cash in County Treasury	\$ -	\$ 3,683	\$ 146,111	\$ 672,892	\$ 2,000,000	\$ 2,822,686
Cash on Hand and in Banks	691,718	-	(3,000)	(3,000)	-	688,718
Accounts Receivable	-	3,481	59,998	671,513	-	734,992
Due from Other Funds	-	-	(21)	-	1,000,000	999,979
Inventory	-	-	-	32,465	-	32,465
TOTAL ASSETS	\$ 691,718	\$ 7,164	\$ 206,088	\$ 1,373,870	\$ 3,000,000	\$ 5,278,840
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 964	\$ 11,116	\$ -	\$ 12,080
Due to Other Funds	-	5,119	(9)	3,688	-	8,798
Total Liabilities	-	5,119	955	14,804	-	20,878
Fund Balances:						
Nonspendable	-	-	-	32,465	-	32,465
Restricted	691,718	-	205,133	1,178,580	-	2,075,431
Committed	-	-	-	-	3,000,000	3,000,000
Assigned	-	2,045	-	148,021	-	150,066
Total Fund Balances	691,718	2,045	205,133	1,359,066	3,000,000	5,257,962
TOTAL LIABILITIES AND FUND BALANCES	\$ 691,718	\$ 7,164	\$ 206,088	\$ 1,373,870	\$ 3,000,000	\$ 5,278,840

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 2

LOS BANOS UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	STUDENT ACTIVITY SPECIAL REVENUE FUND 8	ADULT FUND 11	CHILD DEVELOPMENT FUND 12	CAFETERIA FUND 13	DEFERRED MAINTENANCE FUND 14	TOTAL
REVENUES						
Federal Revenues	\$ -	\$ -	\$ 71,663	\$ 4,743,579	\$ -	\$ 4,815,242
Other State Revenues	-	68,351	950,459	355,133	-	1,373,943
Other Local Revenues	338,886	368	36,441	202,182	-	577,877
Total Revenues	338,886	68,719	1,058,563	5,300,894	-	6,767,062
EXPENDITURES						
Instruction	-	90,555	677,363	-	-	767,918
Instruction-Related Services:						
Supervision of Instruction	-	-	42,971	-	-	42,971
School Site Administration	-	3,852	178,748	-	-	182,600
Pupil Services:						
Food Services	-	-	-	5,033,872	-	5,033,872
General Administration:						
All Other General Administration	-	4,413	69,847	230,377	-	304,637
Plant Services	-	-	8,282	32,130	-	40,412
Ancillary Services	305,662	-	-	-	-	305,662
Total Expenditures	305,662	98,820	977,211	5,296,379	-	6,678,072
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	33,224	(30,101)	81,352	4,515	-	88,990
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	-	-	-	95,642	3,000,000	3,095,642
Interfund Transfers Out	-	-	(3,093)	-	-	(3,093)
Total Other Financing Sources (Uses)	-	-	(3,093)	95,642	3,000,000	3,092,549
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	33,224	(30,101)	78,259	100,157	3,000,000	3,181,539
FUND BALANCES - JULY 1, 2020, as Previously Reported	-	32,146	126,874	1,258,909	-	1,417,929
Adjustment for Restatement	658,494	-	-	-	-	658,494
FUND BALANCES - JULY 1, 2020, as Restated	658,494	32,146	126,874	1,258,909	-	2,076,423
FUND BALANCES - JUNE 30, 2021	\$ 691,718	\$ 2,045	\$ 205,133	\$ 1,359,066	\$ 3,000,000	\$ 5,257,962

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 3

LOS BANOS UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2021

	BUILDING FUND 21	CAPITAL FACILITIES FUND 25	SPECIAL RESERVE FUND 40	SPECIAL RESERVE FUND 41	COMMUNITY FACILITIES DISTRICT FUND 49	TOTAL
<u>ASSETS</u>						
Cash:						
Cash in County Treasury	\$ 1,828	\$ 10,691,225	\$ 5,130,324	\$ 19,877	\$ 908,296	\$ 16,751,550
Cash with Fiscal Agent	-	-	-	755,867	-	755,867
Due from Other Funds	-	863,646	-	-	-	863,646
TOTAL ASSETS	\$ 1,828	\$ 11,554,871	\$ 5,130,324	\$ 775,744	\$ 908,296	\$ 18,371,063
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable	\$ -	\$ 10,906	\$ 24,572	\$ -	\$ -	\$ 35,478
Fund Balances:						
Restricted	3	11,102,014	-	775,744	-	11,877,761
Assigned	1,825	441,951	5,105,752	-	908,296	6,457,824
Total Fund Balances	1,828	11,543,965	5,105,752	775,744	908,296	18,335,585
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,828	\$ 11,554,871	\$ 5,130,324	\$ 775,744	\$ 908,296	\$ 18,371,063

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 4

LOS BANOS UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	BUILDING FUND 21	CAPITAL FACILITIES FUND 25	SPECIAL RESERVE FUND 40	SPECIAL RESERVE FUND 41	COMMUNITY FACILITIES DISTRICT FUND 49	TOTAL
<u>REVENUES</u>						
Other Local Revenues	\$ 1,825	\$ 9,338,444	\$ 63,755	\$ 102	\$ 318,370	\$ 9,722,496
<u>EXPENDITURES</u>						
General Administration:						
All Other General Administration	-	2,750	-	-	-	2,750
Facilities Acquisition and Construction	728,713	535,984	3,900,330	-	17,637	5,182,664
Debt Service:						
Interest	-	177,147	-	-	-	177,147
Total Expenditures	728,713	715,881	3,900,330	-	17,637	5,362,561
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(726,888)	8,622,563	(3,836,575)	102	300,733	4,359,935
<u>OTHER FINANCING SOURCES (USES)</u>						
Interfund Transfers In	-	431,823	447,728	-	-	879,551
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(726,888)	9,054,386	(3,388,847)	102	300,733	5,239,486
FUND BALANCES - JULY 1, 2020	728,716	2,489,579	8,494,599	775,642	607,563	13,096,099
FUND BALANCES - JUNE 30, 2021	\$ 1,828	\$ 11,543,965	\$ 5,105,752	\$ 775,744	\$ 908,296	\$ 18,335,585

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 5

LOS BANOS UNIFIED SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
 JUNE 30, 2021

	BOND INTEREST AND REDEMPTION FUND 51
<u>ASSETS</u>	
Cash:	
Cash In County Treasury	\$ 4,382,873
TOTAL ASSETS	\$ 4,382,873
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ -
Fund Balance:	
Assigned	4,382,873
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,382,873

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BOND INTEREST AND REDEMPTION FUND 51</u>
<u>REVENUES</u>	
Other State Revenues	\$ 21,135
Other Local Revenues	<u>4,577,961</u>
Total Revenues	<u>4,599,096</u>
<u>EXPENDITURES</u>	
Debt Service:	
Principal	2,197,422
Interest	<u>3,081,076</u>
Total Expenditures	<u>5,278,498</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(679,402)
<u>FUND BALANCE - JULY 1, 2020</u>	<u>5,062,275</u>
<u>FUND BALANCE - JUNE 30, 2021</u>	<u>\$ 4,382,873</u>

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BOARD OF EDUCATION

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Ray Martinez	President	December 2022
Gary Munoz	Vice-President	December 2024
Margaret Benton	Clerk	December 2024
Anthony Parreira	Member	December 2022
Jessica Moran	Member	December 2024
Marlene Smith	Member	December 2022

ADMINISTRATION

Dr. Mark Marshall, Ed.D.	Superintendent
Tammie Calzadillas, Ed.D.	Assistant Superintendent, Human Resources
C. Sean Richey, Ed.D.	Chief Academic Officer
Amer Iqbal	Assistant Superintendent, Administrative Services
Paula Mastrangelo	Assistant Superintendent, Elementary Education
Alejandra Garibay	Director of Fiscal Services

ORGANIZATION

Los Banos Unified School District was unified July 1, 1965, and consists of an area comprising approximately 667 square miles. The District operates eight elementary schools, two junior high schools, two comprehensive high schools, one continuation high school and one independent study school. There were no boundary changes during the year.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>GRADE LEVEL</u>	<u>NUMBER OF DAYS TRADITIONAL CALENDAR</u>	<u>NUMBER OF DAYS MULTITRACK CALENDAR</u>	<u>CREDITED DAYS APPROVED ON FORM J-13A</u>	<u>TOTAL DAYS OFFERED</u>	<u>COMPLIED WITH INSTRUCTIONAL DAY PROVISION</u>
Kindergarten	180	N/A	N/A	180	Yes
1	180	N/A	N/A	180	Yes
2	180	N/A	N/A	180	Yes
3	180	N/A	N/A	180	Yes
4	180	N/A	N/A	180	Yes
5	180	N/A	N/A	180	Yes
6	180	N/A	N/A	180	Yes
7	180	N/A	N/A	180	Yes
8	180	N/A	N/A	180	Yes
9	180	N/A	N/A	180	Yes
10	180	N/A	N/A	180	Yes
11	180	N/A	N/A	180	Yes
12	180	N/A	N/A	180	Yes

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>GENERAL FUND</u>	(BUDGET) 2022*	2021	2020	2019
Revenues and Other Financial Sources	\$ 160,748,657	\$ 161,934,862	\$ 145,262,362	\$ 143,997,074
Expenditures	165,145,577	150,281,201	139,103,365	137,997,035
Other Uses and Transfers Out	-	3,982,100	174,519	2,036,371
Total Outgo	165,145,577	154,263,301	139,277,884	140,033,406
Change in Fund Balance	\$ (4,396,920)	\$ 7,671,561	\$ 5,984,478	\$ 3,963,668
Ending Fund Balance	\$ 33,172,941	\$ 37,218,788	\$ 29,547,227	\$ 23,562,749
Available Reserves	\$ 4,979,567	\$ 4,627,900	\$ 4,178,337	\$ 4,967,512
Reserved for Economic Uncertainties	\$ -	\$ -	\$ 4,178,337	\$ 4,967,512
Unassigned Fund Balance	\$ 4,979,567	\$ 4,627,900	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	3.02%	3.00%	3.00%	3.55%
Total Long-Term Debt	N/A	\$ 237,381,951	\$ 228,382,279	\$ 225,765,558
Average Daily Attendance at P-2	10,250	10,490	10,490	10,472

The General Fund balance has increased by \$13,656,039 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$4,396,920. For a district this size, the State requires available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. Los Banos Unified School District has met the State's minimum requirements.

Average daily attendance has increased by 198 ADA over the past two years. An increase of 60 ADA is anticipated for fiscal year 2021-22.

* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	CLUSTER EXPENDITURES	FEDERAL EXPENDITURES
GENERAL FUND				
U.S. Department of Education:				
Passed through the California Department of Education (CDE):				
Special Education Cluster:				
Local Assistance	84.027	13379	\$ 1,835,993	
Private Schools ISPs	84.027	10115	791	
Special Ed Mental Health	84.027A	15197	56,608	
Special Ed - Preschool	84.173	13430	35,653	
Total Special Education Cluster				\$ 1,929,045
Title I Grants to LEA Cluster:				
Title I, Part A	84.010	14329	2,037,151	
School Improvement (CSI) Funding	84.010	15438	155,320	
Total Title I Cluster				2,192,471
* CARES Act ESSER	84.425	15536		2,522,277
* CARES Act ESSER II	84.425	15547		1,191,944
* CARES Act GEER LLM	84.425C	15517		598,015
Rural & Low Income School Grant	84.358	14356		209,352
Carl D. Perkins Career & Technical Education	84.048	14894		90,889
* Title II, Part A, Supporting Effective Instruction	84.367	14341		410,328
Workability	84.126	10006		103,995
Title III, LEP	84.365	14346		288,605
Title IV, Student Support & Academic Enrichment Grant	84.424	15396		69,269
Total Department of Education				9,606,190
U.S. Department of Health and Human Services:				
Passed through the CDE:				
Medi-Cal Billing Option	93.778	10013		30,649
Medi-Cal Administrative Activities	93.778	10060		191,617
Total Health and Human Services				222,266
U.S. Department of Treasury:				
Passed through the CDE:				
* Coronavirus Relief	21.019	25516		10,249,461
Total General Fund				20,077,917
CHILD DEVELOPMENT FUND				
U.S. Department of Health and Human Services:				
Passed through the CDE:				
CRRSA Stipend	93.575	15555		71,663
CAFETERIA FUND				
U.S. Department of Agriculture:				
Passed through the CDE:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	13396	2,685,447	
School Breakfast Basic Program	10.553	13390	67,787	
Especially Needy Breakfast Program	10.553	13526	1,504,972	
Meal Supplements	10.555	13528	10,177	
Total Child Nutrition Cluster				4,268,383
Donated Food Commodities				460,709
Child and Adult Care Food	10.558	13393		14,487
Total Department of Agriculture				4,743,579
Total Federal Expenditures				\$ 24,893,159
* Major Programs Tested				

The Notes to Financial Statements are an integral part of this statement.

LOS BANOS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM
WITH AUDITED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>GENERAL FUND 01</u>	<u>CAFETERIA FUND 13</u>
June 30, 2021 Annual Financial and Budget Report Form Fund Balances	\$ 37,569,861	\$ 1,713,944
<u>Adjustments and Reclassifications</u>		
(Decrease) Accounts Receivable for:		
Duplicate posting	-	(376,134)
Increase Stores Inventory for:		
Physical Count	-	21,256
(Increase) Unearned Revenue for:		
State Program	<u>(351,073)</u>	<u>-</u>
June 30, 2021 Audited Financial Statement Fund Balances	<u>\$ 37,218,788</u>	<u>\$ 1,359,066</u>

LOS BANOS UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021

1. PURPOSE OF SCHEDULES

Schedule of Instructional Time (Schedule 2)

The District has received incentive funding for increasing instructional time as provided by the incentives for Longer Instructional Day. This schedule presents data that shows whether the District complied with article 8 (commencing with section 46300) of chapter 2 of part 26 of the Education Code, showing by grade level.

Schedule of Financial Trends and Analysis (Schedule 3)

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.

Schedule of Expenditures of Federal Awards (Schedule 4)

Basis of Presentation

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

The Uniform Guidance requires a disclosure of the financial activities of all Federally funded programs. This schedule was prepared to comply with the Uniform Guidance. The District did not elect to use the 10 percent de minimis cost rate.

Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements (Schedule 5)

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt as reported on the SACS Form to the audited financial statements.



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

Independent Auditor's Report

To the Board of Education
Los Banos Unified School District
Los Banos, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Banos Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Los Banos Unified School District's basic financial statements, and have issued our report thereon dated January 7, 2022.

Internal Control Over Financial Reporting

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

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

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

We noted certain matters that we reported to management of Los Banos Unified School District in a separate letter dated January 7, 2022.

Member:

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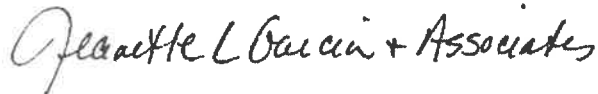
California
Society of
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Compliance and Other Matters

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

Purpose of this Report

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



San Bernardino, California
January 7, 2022



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

Independent Auditor's Report

To the Board of Education
Los Banos Unified School District
Los Banos, California

Report on Compliance for Each Major Federal Program

We have audited Los Banos Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Los Banos Unified School District's major federal programs for the year ended June 30, 2021. Los Banos Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Los Banos 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Los Banos 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 Los Banos Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Los Banos 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, 2021.

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Report on Internal Control Over Compliance

Management of Los Banos 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 Los Banos Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Los Banos Unified School District's internal control over compliance.

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

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

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

Jeanette L Garcia + Associates

San Bernardino, California
January 7, 2022



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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Education
Los Banos Unified School District
Los Banos, California

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Member:		<u>Procedures Performed</u>
American Institute of Certified Public Accountants	Local Education Agencies Other Than Charter Schools:	
	Attendance and Distance Learning	Yes
	Teacher Certification and Misassignments	Yes
	Kindergarten Continuance	Yes
	Instructional Time	Yes
California Society of Certified Public Accountants	Instructional Materials	Yes

	<u>Procedures Performed</u>
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
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study-Course Base	Not Applicable
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Opinion on State Compliance

In our opinion, Los Banos Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Purpose of This Report

The purpose of this report on state compliance is solely to describe the scope and results of testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



San Bernardino, California
January 7, 2022

Findings and Recommendations

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ <input checked="" type="checkbox"/> No
--	-----------	--

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Part 200, Section 200.516 Audit Findings paragraph (a)?

	_____ Yes	_____ <input checked="" type="checkbox"/> No
--	-----------	--

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief
84.367	Title II A
84.425	Education Stabilization Fund (ESSER)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes _____ No

State Awards

Internal control over state programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported

Noncompliance material to financial statements noted? _____ Yes _____ No

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

LOS BANOS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

None Reported.

LOS BANOS UNIFIED SCHOOL DISTRICT
STATUS OF PERIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prior Year Findings and Recommendations:

There were no findings and recommendations for the fiscal year ended June 30, 2020.



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To the Board of Education
Los Banos Unified School District
Los Banos, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Banos Unified School District, for the year ended June 30, 2021, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent non-material conditions noted by the audit that we consider important enough to bring to your attention. We previously reported on the District's internal control over financial reporting in our report dated January 7, 2022. The Findings and Recommendations section of the audit report dated January 7, 2022, contains certain reportable conditions in the District's internal control over financial reporting. This letter does not affect our report dated January 7, 2022 on the financial statements of Los Banos Unified School District.

Cash Clearing

It was noted that deposits to the County Treasury were not always timely. We noted delays of up to three weeks between the receipt of the check and the deposit to the County Treasury. To better safeguard the cash and checks received by the District, deposits should be made in a timely manner. We recommend that deposits should be made no less than weekly.

We will review the status of this recommendation during our next audit engagement. We have discussed this comment and suggestion with various District personnel, and we will be pleased to discuss this in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

This report is intended solely for the information and use of the management, Board of Education, Merced County Office of Education, others within the District, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

San Bernardino, California
January 7, 2022

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