MILL VALLEY SCHOOL DISTRICT
COUNTY OF MARIN
MILL VALLEY, CALIFORNIA

AUDIT REPORT

JUNE 30, 2020

MILL VALLEY SCHOOL DISTRICT

JUNE 30, 2020

TABLE OF CONTENTS

TABLE OF CONTENTS (CONCLUDED)

FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Mill Valley School District
Mill Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Mill Valley School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 did not audit the financial statements of the Mill Valley Schools Community Foundation (Kiddo!), which represents 100% of the assets, liabilities, net assets, revenues and expenses of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Kiddo!, is based solely on the report of the other auditors. 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.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Mill Valley School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedules of the proportionate share of the net pension liabilities, and schedules of contributions 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 Mill Valley School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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)* and is also not a required part of the basic financial statements.

The supplementary information listed in the table of contents and the schedule of expenditures of federal awards 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 supplementary information listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Concluded)

Other Information (Concluded)

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of the Mill Valley 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 the Mill Valley 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 Mill Valley School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2020

This section of Mill Valley School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 21, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

FINANCIAL HIGHLIGHTS

- During March 2020, District schools were closed for the remainder of the 2019-20 school year to address health concerns related to the Covid-19 outbreak.

- On the Statement of Activities, total current year revenues exceeded total current year expenses by $2,936,676.

- Net capital assets decreased $1,038,663 due to depreciation expense growing at a faster rate than acquisitions and construction.

- Total long-term liabilities decreased $803,540, due primarily to current year payments on the outstanding general obligation bonds.

- The District's P-2 average daily attendance (ADA) decreased from 2,841 in fiscal year 2018-19, down to 2,741 in fiscal year 2019-20, a decrease of 100 ADA or 3.5%.

- The District's General Fund produced an operating surplus of $2,204,951 and reported a $2,241,385 increase in its available reserves.

- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other financing uses (total outgo). During fiscal year 2019-20, General Fund expenditures and other financing uses totaled $45,892,002. At June 30, 2020, the District had available reserves of $16,171,697 which represents a reserve of 35.2%.

- As of June 30, 2020, the fair market value of investments held in the California Employers' Retiree Benefit Trust (CERBT) fund has increased to $4,999,982. These funds have been set aside to prefund the District's retiree benefit obligations.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements, as applicable.

    - Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

<u>Reporting the District as a Whole</u>

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

In the Statement of Net Position and the Statement of Activities all amounts presented represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

The basic services provided by the District, such as regular education and administration are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of local revenues and state and federal programs.

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

The major governmental funds of Mill Valley School District are the General Fund, Bond Interest and Redemption Fund, and Capital Projects - Special Reserve Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Comparative Statement of Net Position

	Governmental Activities	
	2019	2020
Assets		
Deposits and Investments	$ 30,769,108	$ 32,772,829
Receivables	961,753	1,183,624
OPEB Asset	202,947	
Capital Assets, net	62,125,300	61,086,637
Total Assets	94,059,108	95,043,090
Deferred Outflows of Resources		
OPEB Deferral		123,683
Pension Deferrals	12,858,747	11,197,947
Bond Refunding	1,126,667	4,090,087
Total Deferred Outflows of Resources	13,985,414	15,411,717
Liabilities		
Current	7,289,857	7,119,528
Long-term	110,456,301	110,012,959
Total Liabilities	117,746,158	117,132,487
Deferred Inflows of Resources		
OPEB Deferrals	1,854,580	1,676,751
Pension Deferrals	3,973,876	4,238,985
Total Deferred Inflows of Resources	5,828,456	5,915,736
Net Position		
Net Investment in Capital Assets (Deficit)	(857,754)	(405,960)
Restricted	1,155,716	2,438,030
Unrestricted (Deficit)	(15,828,054)	(14,625,486)
Total Net Position (Deficit)	$ (15,530,092)	$ (12,593,416)

Table includes financial data of the combined governmental funds.

The unrestricted deficit balance is due primarily to the requirement for the District to record a liability in the financial statements to reflect the total OPEB liability and the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

The District's total current year revenues exceeded total current year expenses by $2,936,676.

Comparative Statement of Changes in Net Position

	Governmental Activities	
	2019	2020
Program Revenues		
Charges for Services	$ 607,894	$ 419,219
Operating Grants & Contributions	9,805,638	8,209,979
General Revenues		
Taxes Levied	40,091,611	39,395,979
Federal & State Aid	5,816,029	4,901,411
Interest & Investment Earnings	404,465	534,775
Miscellaneous	1,881,373	1,481,468
Total Revenues	58,607,010	54,942,831
Expenses		
Instruction	32,586,656	32,424,773
Instruction-Related Services	6,236,911	5,711,160
Pupil Services	3,121,542	2,958,896
General Administration	4,017,374	4,129,224
Plant Services	4,486,822	4,640,609
Interest on Long-Term Debt	2,575,760	1,286,490
Other Outgo	638,283	855,003
Total Expenses	53,663,348	52,006,155
Changes in Net Position	$ 4,943,662	$ 2,936,676

Table includes financial data of the combined governmental funds.

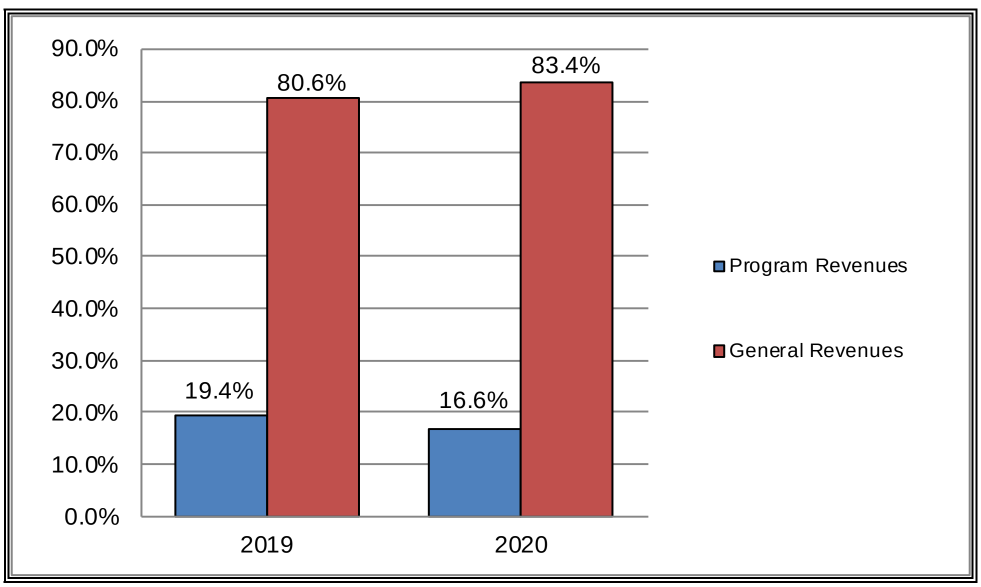
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost of Services	
	2019	2020	2019	2020
Instruction	$ 32,586,656	$ 32,424,773	$ 24,657,524	$ 25,655,342
Instruction-Related Services	6,236,911	5,711,160	5,435,410	5,087,469
Pupil Services	3,121,542	2,958,896	1,885,050	2,014,049
General Administration	4,017,374	4,129,224	3,836,676	4,043,648
Plant Services	4,486,822	4,640,609	4,385,089	4,583,110
Interest on Long-Term Debt	2,575,760	1,286,490	2,575,760	1,286,490
Other Outgo	638,283	855,003	474,307	706,849
Totals	$ 53,663,348	$ 52,006,155	$ 43,249,816	$ 43,376,957

Table includes financial data of the combined governmental funds.

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $43,376,957 total net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



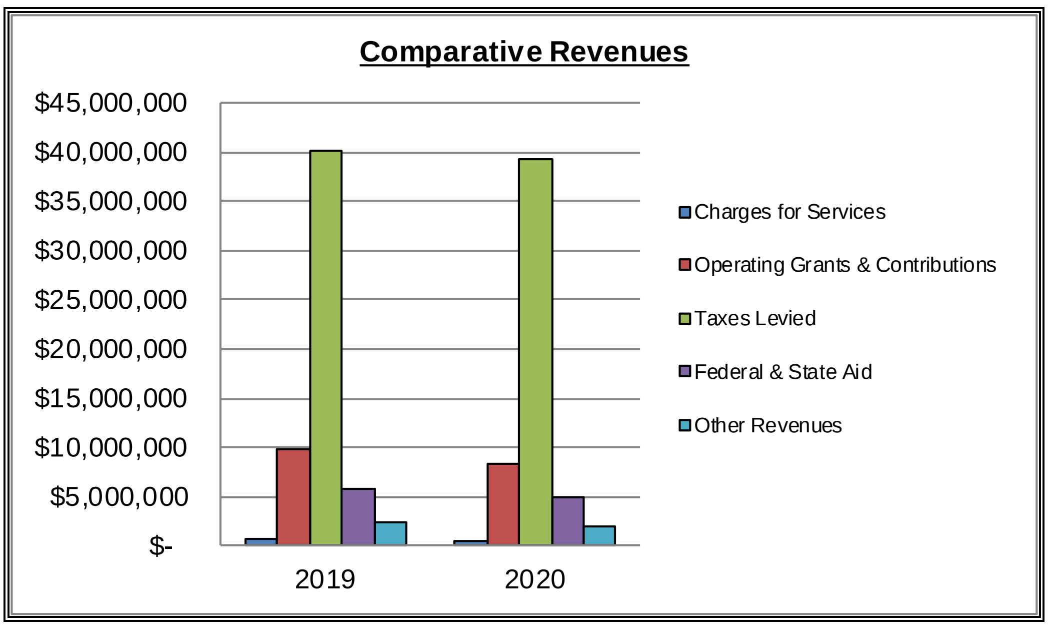
For fiscal year 2019-20, program revenues financed 16.6% of the total cost of providing the services listed above, while the remaining 83.4% was financed by the general revenues of the District.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Summary of Revenues For Governmental Functions

	FYE 2019 Amount	Percent of Total	FYE 2020 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 607,894	1.04%	$ 419,219	0.76%
Operating Grants & Contributions	9,805,638	16.73%	8,209,979	14.94%
General Revenues				
Taxes Levied	40,091,611	68.41%	39,395,979	71.70%
Federal & State Aid	5,816,029	9.92%	4,901,411	8.92%
Other Revenues	2,285,838	3.90%	2,016,243	3.67%
Total Revenues	$ 58,607,010	100.00%	$ 54,942,831	100.00%

Table includes financial data of the combined governmental funds.

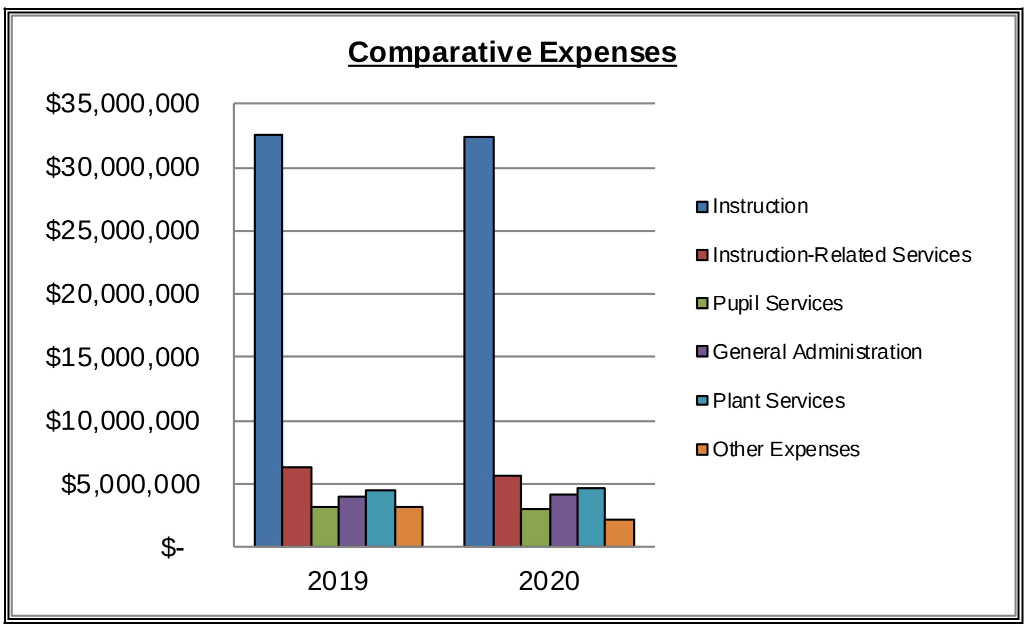


FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Summary of Expenses For Governmental Functions

	FYE 2019 Amount	Percent of Total	FYE 2020 Amount	Percent of Total
Expenses				
Instruction	$ 32,586,656	60.72%	$ 32,424,773	62.35%
Instruction-Related Services	6,236,911	11.62%	5,711,160	10.98%
Pupil Services	3,121,542	5.82%	2,958,896	5.69%
General Administration	4,017,374	7.49%	4,129,224	7.94%
Plant Services	4,486,822	8.36%	4,640,609	8.92%
Other Expenses	3,214,043	5.99%	2,141,493	4.12%
Total Expenses	$ 53,663,348	100.00%	$ 52,006,155	100.00%

Table includes financial data of the combined governmental funds.



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2019	2020
Land	$ 1,673,666	$ 1,673,666
Sites and Improvements	8,448,376	9,379,594
Buildings and Improvements	96,443,572	96,554,742
Furniture and Equipment	512,900	543,023
Subtotals	107,078,514	108,151,025
Less: Accumulated Depreciation	(44,953,214)	(47,064,388)
Capital Assets, net	$ 62,125,300	$ 61,086,637

Net capital assets decreased $1,038,663 due to depreciation expense growing at a faster rate than acquisitions and construction.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2019	2020
Compensated Absences	$ 120,629	$ 163,536
General Obligation Bonds	69,914,909	69,043,367
Net OPEB Liability	0	81,146
Net Pension Liability	44,415,038	44,358,987
Totals	$ 114,450,576	$ 113,647,036

Total long-term liabilities decreased $803,540, due primarily to current year payments on the outstanding general obligation bonds.

The general obligation bonds are financed by the local taxpayers and represent 61% of the District's total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on all of its debt issues. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

The fund balance of the General Fund increased $2,204,951 during fiscal year 2019-20. The Capital Projects - Special Reserve Fund increased $851,427 due to receipt of state facilities funding, and combined fund balances of all other District governmental funds decreased $1,501,877.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. The original budget, approved at the end of June, is based on May Revise figures and updated 45 days after the State approves its final budget. Over the course of the year, the District revised the annual operating budget on numerous occasions. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Adjustments at First and Second Interim.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The District will continue to be impacted by the on-going health concerns associated with Covid-19. Since the virus is still very contagious, the District has already modified most of its operational procedures as most aspects of its operations were directly affected by Covid-19. However, due to the unknown nature of the virus and the everchanging guidance provided by the California Department of Education, further procedural modifications will likely be necessary. In addition, State and Local economies have also been severely impacted by Covid-19, which may adversely affect future school funding and student enrollment.

- On November 8, 2016, the qualified voters of the District voted to approve a measure to renew the existing measure and authorize the District to collect a tax of $980 per parcel, beginning in 2017-18, including 5 percent annual increases for 12 years to provide school funds.

- On November 6, 2012 the qualified voters of the District voted to approve a measure to authorize a special tax for the purpose of providing specified educational programs for a period of eight years. The special tax of $196.00 per year per parcel commences July 1, 2013 and adjusts annually commensurate with the annual percentage increase to the San Francisco-Oakland-San Jose Price Index (CPI), not to exceed 3% per year and expires June 30, 2021.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE (CONCLUDED)

- Employer contribution rates for CalSTRS and CalPERS will continue to increase on an annual basis for the near future. In addition, there is an increasing risk of an economic downturn as the current expansion cycle has exceeded most previous cycles. The Governor and Department of Finance continue to urge the Legislation and local governments, including local education agencies, to plan for the next recession.

- Accordingly, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Mill Valley School District, 411 Sycamore Avenue, Mill Valley, California 94941.

BASIC FINANCIAL STATEMENTS

MILL VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government	Component Unit
	Governmental Activities	Foundation
Assets		
Deposits and Investments (Note 2)	$ 32,772,829	$ 9,450,119
Receivables (Note 3)	1,183,624	41,377
Capital Assets, Not Depreciated (Note 5)	1,673,666	
Capital Assets, Net of Accumulated Depreciation	59,412,971	5,651
Total Assets	95,043,090	9,497,147
Deferred Outflows of Resources		
OPEB Deferrals (Note 7)	123,683	
Pension Deferrals (Note 8)	11,197,947	
Bond Refunding (Note 1H)	4,090,087	
Total Deferred Outflows of Resources	15,411,717	0
Liabilities		
Accounts Payable and Other Current Liabilities	3,060,754	38,875
Accrued Interest Payable	399,025	
Unearned Revenue (Note 1H)	25,672	
Long-Term Liabilities:		
Portion Due or Payable Within One Year:		
Compensated Absences (Note 1H)	163,536	
General Obligation Bonds (Note 6)	3,470,541	
Portion Due or Payable After One Year:		
General Obligation Bonds (Note 6)	65,572,826	
Net OPEB Liability (Note 7)	81,146	
Net Pension Liabilities (Note 8)	44,358,987	
Total Liabilities	117,132,487	38,875
Deferred Inflows of Resources		
OPEB Deferrals (Note 7)	1,676,751	
Pension Deferrals (Note 8)	4,238,985	
Total Deferred Inflows of Resources	5,915,736	0
Net Position		
Net Investment in Capital Assets (Deficit)	(405,960)	
Restricted:		
For Capital Projects	41,595	
For Debt Service	767,107	
For Educational Programs	1,593,608	
For Other Purposes	35,720	263,985
Unrestricted (Deficit)	(14,625,486)	9,194,287
Total Net Position (Deficit)	$ (12,593,416)	$ 9,458,272

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MILL VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Operating Grants	Primary Government	Component Unit
Functions	**Expenses**	**Charges for Services**	**and Contributions**	**Governmental Activities**	**Foundation**
Governmental Activities					
Instruction	$ 32,424,773		$ 6,769,431	$ (25,655,342)	
Instruction-Related Services:					
Supervision of Instruction	750,593		175,695	(574,898)	
Instructional Library and Technology	1,399,728		246,547	(1,153,181)	
School Site Administration	3,560,839		201,449	(3,359,390)	
Pupil Services:					
Home-to-School Transportation	227,345			(227,345)	
Food Services	535,197	$ 419,219	55,091	(60,887)	
Other Pupil Services	2,196,354		470,537	(1,725,817)	
General Administration:					
Data Processing Services	910,182			(910,182)	
Other General Administration	3,219,042		85,576	(3,133,466)	
Plant Services	4,640,609		57,499	(4,583,110)	
Interest on Long-Term Debt	1,286,490			(1,286,490)	
Other Outgo	855,003		148,154	(706,849)	
Total Governmental Activities	$ 52,006,155	$ 419,219	$ 8,209,979	(43,376,957)	
Component Unit					
Foundation	$ 3,463,869				$ (3,463,869)
General Revenues					
Taxes Levied for General Purposes				23,242,900	
Taxes Levied for Debt Service				4,359,898	
Taxes Levied for Specific Purposes				11,793,181	
Federal and State Aid - Unrestricted				4,901,411	
Interest and Investment Earnings				534,775	235,306
Gifts and Contributions					2,857,341
Miscellaneous				1,481,468	
Total General Revenues				46,313,633	3,092,647
Changes in Net Position				2,936,676	(371,222)
Net Position (Deficit) - July 1, 2019				(15,530,092)	9,829,494
Net Position (Deficit) - June 30, 2020				$ (12,593,416)	$ 9,458,272

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MILL VALLEY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Bond Interest and Redemption	Capital Projects - Special Reserve	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and Investments (Note 2)	$ 22,414,439	$ 4,626,815	$ 5,659,539	$ 72,036	$ 32,772,829
Receivables (Note 3)	1,183,624				1,183,624
Total Assets	$ 23,598,063	$ 4,626,815	$ 5,659,539	$ 72,036	$ 33,956,453
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$ 2,078,315		$ 982,218	$ 221	$ 3,060,754
Unearned Revenue (Note 1H)	25,672				25,672
Total Liabilities	2,103,987		982,218	221	3,086,426
Fund Balances: (Note 12)					
Nonspendable	5,500				5,500
Restricted	1,593,608	$ 4,626,815		71,815	6,292,238
Assigned	3,723,271		4,677,321		8,400,592
Unassigned	16,171,697				16,171,697
Total Fund Balances	21,494,076	4,626,815	4,677,321	71,815	30,870,027
Total Liabilities and Fund Balances	$ 23,598,063	$ 4,626,815	$ 5,659,539	$ 72,036	$ 33,956,453

MILL VALLEY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Fund Balances - Governmental Funds		$ 30,870,027
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:		
Capital Assets	$ 108,151,025	
Accumulated Depreciation	(47,064,388)	
Net		61,086,637
Unamortized costs: In governmental funds, the gain or loss from debt refunding activities is recognized in the period they are incurred. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from refunding, reported as deferred outflows of resources, are:		4,090,087
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Net deferred outflows and inflows relating to pensions are:		6,958,962
Deferred outflows and inflows of resources related to other post employment benefits (OPEB): 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 reported. Net deferred outflows and inflows relating to OPEB are:		(1,553,068)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:		
Compensated Absences	163,536	
General Obligation Bonds	69,043,367	
Net OPEB Liability	81,146	
Net Pension Liabilities	44,358,987	
Total		(113,647,036)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owed at the end of the period was:		(399,025)
Total Net Position (Deficit) - Governmental Activities		$ (12,593,416)

MILL VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Bond Interest and Redemption	Capital Projects - Special Reserve	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
LCFF Sources:					
State Apportionment / Transfers	$ 2,306,300				$ 2,306,300
Local Taxes	23,243,107				23,243,107
Total LCFF Sources	25,549,407				25,549,407
Federal Revenue	767,696			$ 52,319	820,015
State Revenue	3,491,696	$ 15,839	$ 1,727,462	2,109	5,237,106
Local Revenue	18,288,154	4,401,437	97,053	549,659	23,336,303
Total Revenues	48,096,953	4,417,276	1,824,515	604,087	54,942,831
Expenditures					
Current:					
Instruction	30,134,848				30,134,848
Supervision of Instruction	704,050				704,050
Instructional Library and Technology	1,266,234				1,266,234
School Site Administration	3,222,915				3,222,915
Home-To-School Transportation	217,720				217,720
Food Services				502,858	502,858
Other Pupil Services	1,997,826				1,997,826
Data Processing Services	798,615				798,615
Other General Administration	2,872,918			5,769	2,878,687
Plant Services	4,108,812				4,108,812
Facilities Acquisition and Construction			1,098,088		1,098,088
Other Outgo	558,064				558,064
Debt Service:					
Principal Retirement		32,300,000			32,300,000
Interest and Issuance Costs		5,204,613			5,204,613
Total Expenditures	45,882,002	37,504,613	1,098,088	508,627	84,993,330
Excess of Revenues Over (Under) Expenditures	2,214,951	(33,087,337)	726,427	95,460	(30,050,499)
Other Financing Sources (Uses)					
Operating Transfers In			125,000	10,000	135,000
Operating Transfers Out	(10,000)			(125,000)	(135,000)
Other Sources		31,605,000			31,605,000
Total Other Financing Sources (Uses)	(10,000)	31,605,000	125,000	(115,000)	31,605,000
Net Change in Fund Balances	2,204,951	(1,482,337)	851,427	(19,540)	1,554,501
Fund Balances - July 1, 2019	19,289,125	6,109,152	3,825,894	91,355	29,315,526
Fund Balances - June 30, 2020	$ 21,494,076	$ 4,626,815	$ 4,677,321	$ 71,815	$ 30,870,027

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

MILL VALLEY 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, 2020

Net Change in Fund Balances - Governmental Funds		$ 1,554,501
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Capital Outlays	$ 1,072,511	
Depreciation Expense	(2,111,174)	
Net		(1,038,663)
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(31,605,000)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses in the period it is incurred In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. The premiums, discount, or gain or loss on debt refunding activities and the amortization for the period are:		2,963,420
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was:		(42,907)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		32,754,125
OPEB and Pensions: In government funds, OPEB and pension costs are recognized when employer contributions are made. In the statement of activities, OPEB and pension costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB and pension costs and actual employer contributions was:		(1,852,439)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		203,639
Change in Net Position of Governmental Activities		$ 2,936,676

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Mill Valley School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Education elected by registered voters of the District, which comprises an area in Marin County. The District was established in 1891 and serves students in kindergarten through grade eight.

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

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management’s professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, the organization should be included as a component unit.

The nucleus of a financial reporting entity is usually a primary government. Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, defines a *primary government* as any state government, general-purpose local government, or special-purpose government that meets all of the following criteria:

- It has a separately elected governing body
- It is legally separate
- It is fiscally independent of other state and local governments

The primary government consists of all funds that make up the legal entity. The primary government also consists of funds for which it has a fiduciary responsibility, even though those funds may represent organizations that do not meet the definition for inclusion in the financial reporting entity.

Component units include legally separate organizations (whether governmental, not-for-profit, or for-profit organizations) for which elected officials of the primary government are financially accountable. A primary government is financially accountable if it appoints a voting majority of the organization’s governing body and *(a)* it is able to impose its will on that organization or *(b)* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has *(a)* a separately elected governing board, *(b)* a governing board appointed by a higher level of government, or *(c)* a jointly appointed board.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

The primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- The primary government is obligated in some manner for the debt of the organization.

In addition, GASB 61 also requires certain organizations to be included as component units if the nature and significance of their relationship with the primary government are such that excluding them would cause the financial reporting entity's financial statements to be misleading.

Based on the GASB 61 criteria and definitions, the District is the primary government and there are no material potential component units which should be included in the Financial Reporting Entity in these financial statements.

GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if all of the following criteria are met:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that the Mill Valley Schools Community Foundation, Kiddo!, (the Foundation), a non-profit, public benefit corporation, meets the criteria set forth in GASB 39.

Component Unit:

The Foundation was established as a legally separate non-profit entity to support the District through fundraising activities. In addition, funds contributed by the Foundation to the District are significant to the District's financial statements. Therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's annual financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide financial 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.

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 financing uses) in net current assets.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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. Under the 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 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available as collectible within one year.

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

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On an 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Expenses/Expenditures (Concluded):

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.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity 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 maintains the following governmental fund types:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

*Debt Service Fund*s - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's accounts are organized into major and non-major funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. In accordance with Governmental Accounting Standards Board Statement No. 54 (GASB 54), the financial activities and balances of the Special Reserve Fund for Postemployment Benefits has been combined with the General Fund for financial reporting purposes.

The *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Major Governmental Funds (Concluded):

The *Capital Projects - Special Reserve Fund* is used to accumulate funds for major maintenance and capital outlay projects of the District. The proceeds from major dispositions of District property and state facility apportionments are accounted for in this fund.

Non-major Governmental Funds:

The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeteria program.

The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

E. 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 Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 61.

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.

F. Use of Estimates

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

The 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 the FDIC or are collateralized.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

2. 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 are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

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

Asset Class	Years
Sites and Improvements	20
Buildings and Improvements	5-50
Furniture and Equipment	8-14

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

3. Deferred Outflows/Inflows of Resources

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

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

4. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements.

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

6. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the District's OPEB Plan, and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest earning investment contracts that have a maturity of one year or less, which are reported at cost.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

7. 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 California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the year of issuance. The face amount of the debt issued, premiums, or discounts is reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

9. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. pre-paid items, permanent scholarships).

Restricted Fund Balance includes funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation (e.g., debt service, capital projects, state and federal grant funds).

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

9. Fund Balances (Concluded)

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority (Governing Board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. The Governing Board delegated authority to the Superintendent and/or their designee to identify intended uses of assigned funds.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The District established a minimum fund balance policy which requires a reserve for economic uncertainties, consisting of unassigned amounts equal to three (3) percent of general fund operating expenditures and other financing uses. In addition, in order to build a fiscally prudent reserve, the Governing Board has designated a target of two times the current year differential between community funded property taxes and the state aid funding guarantee.

At a minimum, the District reserve fund shall be at least the current year differential between community funded property taxes and the state aid funding guarantee; or one month's average operating expenditures, whichever is greater.

The District considers restricted fund balances to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

10. Local Control Funding Formula (LCFF)/Property Tax

The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of Marin is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

10. Local Control Funding Formula (LCFF)/Property Tax (Concluded)

The levy is based on the assessed values as of the preceding January 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 (January 1), and become delinquent if unpaid by August 31.

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020 consist of the following:

Cash in Revolving Fund	$ 5,500
County Pool Investments	32,767,329
Total	$ 32,772,829

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

County Pool Investments

County pool investments consist of District cash held by the Marin County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

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

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Marin County Investment Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	$ 32,767,329	$ 32,934,226	220

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

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

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Fair Value	Uncategorized
County Pool Investments	$ 32,934,226	$ 32,934,226

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2020 consist of the following:

	General Fund
Federal Government	$ 570,662
State Government	400,550
Local Governments	147,139
Miscellaneous	65,273
Totals	$ 1,183,624

NOTE 4 - INTERFUND ACTIVITIES

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

NOTE 4 - INTERFUND ACTIVITIES (CONCLUDED)

Interfund Transfers (Concluded)

The interfund transfers for fiscal year 2019-20 were as follows:

General Fund transfer to Cafeteria Fund to supplement the child nutrition program	$ 10,000
Capital Facilities Fund transfer to Capital Projects - Special Reserve Fund to repay funds borrowed in prior years	125,000
Total	$ 135,000

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2020, is shown below:

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
Capital Assets Not Being Depreciated:				
Land	$ 1,673,666			$ 1,673,666
Total Capital Assets Not Being Depreciated	1,673,666	$ 0	$ 0	1,673,666
Capital Assets Being Depreciated:				
Sites and Improvements	8,448,376	931,218		9,379,594
Buildings and Improvements	96,443,572	111,170		96,554,742
Furniture and Equipment	512,900	30,123		543,023
Total Capital Assets Being Depreciated	105,404,848	1,072,511	0	106,477,359
Less Accumulated Depreciation:				
Sites and Improvements	4,597,958	338,785		4,936,743
Buildings and Improvements	39,920,427	1,742,454		41,662,881
Furniture and Equipment	434,829	29,935		464,764
Total Accumulated Depreciation	44,953,214	2,111,174	0	47,064,388
Total Capital Assets Being Depreciated, Net	60,451,634	(1,038,663)	0	59,412,971
Capital Assets, Net	$ 62,125,300	$ (1,038,663)	$ 0	$ 61,086,637

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 1,372,804
Instruction-Related Services	241,800
Pupil Services	125,273
General Administration	174,823
Plant Services	196,474
Total	$ 2,111,174

NOTE 6 - GENERAL OBLIGATION BONDS

On May 13, 2020, the District issued $31,605,000 of 2020 General Obligation Refunding Bonds for purposes of refunding $28,535,000 of the District's outstanding Election of 2009, Series B, General Obligation Bonds, maturing August 1, 2024 through August 1, 2039, and to pay costs of issuance of the bonds. The refunding bonds were issued to take advantage of the current lower interest rates, which will ultimately result in a decreased tax burden for individuals who own property within the District. The issuance of the refunding bonds is expected to result in net present value savings of $2,397,555.

The general obligation bonds are secured by the full faith and credit of the District. In order to provide sufficient funds for the repayment of principal and interest on the bonds when due, the Board of Supervisors of Marin County is empowered and obligated to annually levy ad valorem taxes upon all property subject to taxation in the District.

The outstanding general obligation debt of the District as of June 30, 2020, excluding $1,184,589 of unamortized bond premiums, is as follows:

A. Current Interest Bonds

Date of Issue	Interest Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2019	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2020
4/19/12	2.00-4.25	8/1/39	$ 30,605,000	$ 29,790,000		$ 28,800,000	$ 990,000
10/19/17	2.25-4.00	8/1/34	30,455,000	30,455,000			30,455,000
5/13/20	1.30-2.86	8/1/39	31,605,000		$ 31,605,000		31,605,000
Totals			$ 92,665,000	$ 60,245,000	$ 31,605,000	$ 28,800,000	$ 63,050,000

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ended June 30	Principal	Interest	Totals
2021	$ 660,000	$ 2,714,963	$ 3,374,963
2022	1,305,000	2,921,865	4,226,865
2023	1,470,000	2,881,963	4,351,963
2024	1,640,000	2,839,166	4,479,166
2025	1,830,000	1,623,542	3,453,542
2026-2030	12,475,000	7,040,223	19,515,223
2031-2035	18,845,000	4,914,386	23,759,386
2036-2040	24,825,000	1,700,045	26,525,045
Totals	$ 63,050,000	$ 26,636,153	$ 89,686,153

NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)

B. Capital Appreciation Bonds

Date of Issue	Accretion Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2019	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2020
8/2/94	6.30-6.40	8/1/19	$ 2,889,198	$ 875,421	$ 4,579	$ 880,000	$ 0
8/1/95	6.45-6.70	8/1/20	2,731,793	1,486,532	54,195	755,000	785,727
2/1/96	5.70-5.85	8/1/20	4,680,809	2,247,900	71,485	1,140,000	1,179,385
7/23/98	5.05-5.30	7/1/23	3,417,300	3,421,342	147,324	725,000	2,843,666
Totals			$ 13,719,100	$ 8,031,195	$ 277,583	$ 3,500,000	$ 4,808,778

The outstanding obligation for the capital appreciation serial and term bonds at June 30, 2020, was as follows:

Year Ended June 30	Amount of Original Issue (Principal)	Accreted Interest	Totals
2021	$ 678,575	$ 2,028,361	$ 2,706,936
2022	230,493	488,048	718,541
2023	221,996	477,497	699,493
2024	217,032	466,776	683,808
Totals	$ 1,348,096	$ 3,460,682	$ 4,808,778

The annual requirements to amortize the capital appreciation serial and term bonds at June 30, 2020, are as follows:

Year Ended June 30	Principal	Interest	Totals
2021	$ 678,575	$ 2,041,425	$ 2,720,000
2022	230,493	529,507	760,000
2023	221,996	558,004	780,000
2024	217,032	582,968	800,000
Totals	$ 1,348,096	$ 3,711,904	$ 5,060,000

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description / Benefits Provided

Mill Valley School District's Other Post Employment Benefits Plan (Plan), is a single employer defined benefit healthcare plan administered by the District. No separate financial statements were issued for the plan. The District provides varying coverage to retirees from the various employee groups. The benefits provided to eligible retirees are as follows:

Medical, prescription drug, dental and vision benefits are offered to certificated, classified, administration and confidential employees and retirees of the District through the Self-Insured Schools of California (SISC). Dental and vision benefits are not District-paid for retirees.

Certificated employees may retire with District-paid benefits between the ages of 55 and 62 with at least 20 years of full-time service under Medical Option II. The service requirement is 10 years for employees who were at least 50 years old on July 1, 2011, and 15 years for employees aged 45-49 on July 1, 2011. District-paid benefits continue until age 65. Employees hired on or before June 30, 2007 may retire after 25 years of service and receive 3 years of medical benefits either before or after age 65. If benefits extend beyond age 65 the District will pay for Medicare Supplement coverage plus the Medicare Part B premium, subject to the caps described below. This benefit may be continued after Medical Option II benefits have expired, if applicable.

The District pays 100% of the medical and prescription drug premium for retiree, spouse and eligible dependents, up to a dollar cap that varies by tier and date of hire. The cap is frozen in the year of retirement for retirements on or after July 1, 2016. Premiums in excess of the applicable cap must be paid for by the retiree.

Classified employees may retire with District-paid benefits after attaining age 55 and completing at least 20 years of employment, of which at least 10 years were full-time service. The District pays 100% of the medical and prescription drug premium for retiree, spouse and eligible dependents up to a dollar cap that varies by tier and date of hire. The cap is frozen in the year of retirement for retirements on or after June 30, 2019. Benefits continue for the lesser of 5 years or until age 65. After these benefits end, the District will pay the retiree $1,000 per year toward the cost of medical premiums until age 70.

Administration employees generally receive the same benefits as certificated bargaining unit members except that 10 years of service are required regardless of year of birth.

Confidential employees generally receive the same benefits as classified bargaining unit members.

In addition to the benefits described above, the District periodically offers special retirement incentives. Liabilities for such benefits have not been included in the valuation as there is no established pattern of incentives and the District is not obligated to make such offers in the future.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description / Benefits Provided (Concluded)

The following table shows selected monthly premiums for retirees under the age of 65 and District caps. The rates went into effect as of October 1, 2019:

Plan	Retiree Only	Retiree + One	Retiree + Family
Anthem Blue Cross 90-G $20, Rx 5-20	$909.00	$1,820.00	$2,362.00
Anthem Blue Cross 80-G $20, Rx 9-35	838.00	1,675.00	2,173.00
Blue Shield California Care HMO	937.00	1,877.00	2,436.00
Kaiser $15 OV, $5-20(30) Rx	850.00	1,701.00	2,211.00
District caps:			
Certificated hired before July 1, 2012	786.00	1,571.00	1,902.27
Certificated hired on or after July 1, 2012	786.00	1,571.00	1,644.08
Classified hired before July 1, 2012	779.00	1,559.00	1,904.37
Classified hired on or after July 1, 2012	779.00	1,559.00	1,650.02

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change.

Employees Covered by Benefit Terms

The number of employees covered by the benefit terms of the Plan as of June 30, 2020 are as follows:

Inactive employees currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	324
Total number of participants	328

Net OPEB Liability

The District's Net OPEB Liability as of June 30, 2020 is $81,146, based on an actuarial valuation date of June 30, 2019 and a measurement date of June 30, 2020. The results of the June 30, 2019 actuarial valuation were rolled forward to the June 30, 2020 measurement date using standard actuarial methods.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

California Employers' Retiree Benefit Trust (CERBT):

The District joined the California Employers' Retiree Benefit Trust (CERBT), which is an agent multiple-employer plan with more than 500 members as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), with pooled administrative and investment functions. The CERBT Fund is a Section 115 trust fund dedicated to prefunding Other Post Employment Benefits (OPEB) for all eligible California public agencies. The District participates in CERBT primarily as an investment vehicle for amounts set aside to pay for future costs associated with the District's single employer defined benefit healthcare plan. There are three investment options offered by the fund, of which the District has chosen to participate in the CERBT Strategy 1 portfolio. As a result, the District owns a percentage of the CERBT Strategy 1 portfolio.

Actuarial Assumptions

The Total OPEB Liability was determined using an actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	3.0%, average, including inflation
Discount Rate	6.75%, net of investment expense, including inflation
Healthcare cost trend rates	8.0% for 2019-20, decreasing to 5.0% for 2022-23 and after
Retirees' share of cost	Based on retirees' current cost-sharing provisions, assumed to remain in effect for all future years

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter. Turnover and retirement rates were based on District-specific experience and are described in more detail in the District's actuarial report available at the District.

The long-term expected rate of return on OPEB plan investments of 7.59% for CERBT Strategy 1 was provided by CERBT using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate 6.75% was set equal to the long-term rate of return less an 84 basis point margin for adverse deviations, as permitted by CERBT.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Employee Contributions for Prefunding Medical Benefits:

Beginning in July 1, 2011, active full-time classified employees began to pay $150 per year into an irrevocable trust fund for the sole purpose of prefunding the retiree medical benefit. If the employee terminates employment from the District after 5 years of service but prior to retirement, the accumulated contributions (without interest) will be refunded to the employee. The annual $150 contribution from actives has ceased effective January 1, 2016.

Beginning in February 1, 2011, active full-time certificated employees began to pay $350 per year into an irrevocable trust fund for the sole purpose of prefunding the retiree medical benefit. If the employee terminates employment from the District after 5 years of service but prior to retirement, the accumulated contributions (without interest) will be refunded to the employee. The annual $350 contribution from actives has ceased effective January 1, 2016.

Changes in the Net OPEB Liability/(Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balances at June 30, 2019	$ 4,628,504	$ 4,831,451	$ (202,947)
Changes for the year:			
Service cost	209,931		209,931
Interest on total OPEB liability	323,855		323,855
Differences between expected and actual experience	3,993		3,993
Contributions from employer		85,155	(85,155)
OPEB plan net investment income		326,042	(326,042)
Differences between expected and actual investment income		(153,353)	153,353
Benefit payments (including implicit subsidy)	(85,155)	(85,155)	0
OPEB plan administrative expenses		(4,158)	4,158
Net changes	452,624	168,531	284,093
Balances at June 30, 2020	$ 5,081,128	$ 4,999,982	$ 81,146

Sensitivity of the District's Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following table presents the District's net OPEB liability/(asset) as of the measurement date, calculated using the current discount rate of 6.75%, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Discount Rate 1% Decrease 5.75%	Discount Rate Current Rate 6.75%	Discount Rate 1% Increase 7.75%
District's Net OPEB Liability/(Asset)	$ 498,460	$ 81,146	$ (300,722)

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the District's Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rates

The following table presents the District's net OPEB liability/(asset) as of the measurement date, calculated using the current healthcare cost trend rate of 8.0% grading down to 5.0%, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.0% grading down to 4.0%) or one percentage point higher (9.0% grading down to 6.0%) than the current rate:

	Healthcare Cost Trend Rate 1% Decrease	Healthcare Cost Trend Rate Current Rates	Healthcare Cost Trend Rate 1% Increase
District's Net OPEB Liability/(Asset)	$ (434,980)	$ 81,146	$ 676,940

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

For the year ended June 30, 2020, the District recognized OPEB expense of $361,097. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience *	$ 3,649	
Changes in assumptions or other inputs *		$ 1,676,751
Net differences between projected and actual earnings on OPEB plan investments	120,034	
Totals	$ 123,683	$ 1,676,751

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30	
2021	$ (144,166)
2022	(144,166)
2023	(144,166)
2024	(143,284)
2025	(173,955)
Thereafter	(803,331)

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

The average of expected remaining active and inactive service lives was 11.62 as of the June 30, 2020 measurement date. This factor was used for purposes of determining annual expense and deferral amounts for bases other than the net difference between projected and actual earnings on OPEB investments, which is spread over 5 years as required by GASB 75.

NOTE 8 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 31,935,301	$ 8,508,526	$ 3,673,706	$ 6,347,760
CalPERS	12,423,686	2,689,421	565,279	2,435,388
Totals	$ 44,358,987	$ 11,197,947	$ 4,238,985	$ 8,783,148

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public-school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable services activities. The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Concluded)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and are detailed in the Teachers' Retirement Law. Current contribution rates were established with the enactment of AB 1469 in 2014 (the CalSTRS Funding Plan). A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: The CalSTRS member contribution rates were as follows: Under CalSTRS 2% at 60, the member contribution rate was 10.25% of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, the member contribution rate was 10.205% of applicable member earnings for fiscal year 2019-20.

Employers: The employer contribution rate was 17.10% of applicable member earnings for fiscal year 2019-20. This rate reflects the 1.03% reduction of the employer contribution rate for fiscal year 2019-20 pursuant to SB 90. The District contributed $3,337,308 to the plan for the fiscal year ended June 30, 2020.

State: The base contribution of 2.017% is calculated based on creditable compensation from two fiscal years prior. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code Section 22955.1. The additional state contribution for the fiscal year ended June 30, 2020 was 5.811%. Including a 2.50% contribution for SBMA funding, the total state contribution to the defined benefit program was 10.328% for the fiscal year ended June 30, 2020. This rate does not include the $2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

District's proportionate share of the net pension liability	$ 31,935,301
State's proportionate share of the net pension liability associated with the District	17,422,839
Total net pension liability attributed to District	$ 49,358,140

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State.

The District's proportionate share of the net pension liability as of June 30, 2019 and June 30, 2018 was as follows:

Proportion - June 30, 2019	0.0354%
Proportion - June 30, 2018	0.0355%
Change - Increase (Decrease)	-0.0001%

For the fiscal year ended June 30, 2020, the District recognized pension expense of $6,347,760, which includes $2,430,295 of support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 3,337,308	
Differences between expected and actual experience	77,764	$ 913,972
Changes of assumptions	3,895,528	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,197,926	1,600,299
Net differences between projected and actual earnings on plan investments		1,159,435
Totals	$ 8,508,526	$ 3,673,706

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	$ 597,344
2022	(273,249)
2023	331,261
2024	898,031
2025	46,780
2026	(102,655)

Differences between expected and actual experience, changes of assumptions, and changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions are amortized over a closed period equal to the average of the expected remaining service lives of all active and inactive plan members. The average expected remaining service life for STRP members based on the financial reporting actuarial valuation as of June 30, 2018, is 7 years. Deferred outflows and inflows related to differences between projected and actual earnings on plan investment are netted and amortized over a close 5-year period.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following methods and assumptions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return [1]	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually)
	Maintain 85% purchasing power level for DB

[1] Net of investment expenses, but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of a base morality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases of life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	4.80%
Fixed Income	12%	1.30%
Real Estate	13%	3.60%
Private Equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	3.30%
Cash / Liquidity	2%	-0.40%
Total	100%	

* 20-year average

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	$ 47,554,306	$ 31,935,301	$ 18,984,171

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 7.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 19.721% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2020 was $1,145,687.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the District reported a liability of $12,423,686 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2019 and June 30, 2018 was as follows:

Proportion - June 30, 2019	0.0426%
Proportion - June 30, 2018	0.0444%
Change - Increase (Decrease)	-0.0018%

For the fiscal year ended June 30, 2020, the District recognized pension expense of $2,435,388. At June 30, 2020, 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
District contributions subsequent to the measurement date	$ 1,145,687	
Differences between expected and actual experience	918,406	
Changes of assumptions	625,328	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		$ 456,111
Net differences between projected and actual earnings on plan investments		109,168
Totals	$ 2,689,421	$ 565,279

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		
2021	$	903,510
2022		26,834
2023		15,454
2024		32,657

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4.1 years as of June 30, 2019. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Wage Growth	Varies
Investment Rate of Return	7.15%
Post Retirement Benefit Increase (1)	

(1) 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions (Concluded)

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study from 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

NOTE 8 - RETIREMENT PLANS (CONCLUDED)

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

Discount Rate (Concluded)

Asset Class [1]	Assumed Asset Allocation	Real Return Years 1 - 10 [2]	Real Return Years 11+ [3]
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

[1] In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

[2] An expected inflation of 2.00% used for this period.

[3] An expected inflation of 2.92% used for this period.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, 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 one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate 1% Decrease 6.15%	Discount Rate Current Rate 7.15%	Discount Rate 1% Increase 8.15%
District's proportionate share of the net pension liability	$ 17,907,927	$ 12,423,686	$ 7,874,130

Pension Plan Fiduciary Net Position

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

C. Social Security

As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 9 - LONG-TERM LIABILITIES

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

	Balances July 1, 2019	Additions	Deductions	Balances June 30, 2020	Due within One Year
Long-Term Debt:					
General Obligation Bonds	$ 69,914,909	$ 31,882,583	$ 32,754,125	$ 69,043,367	$ 3,470,541
Other Long-Term Liabilities:					
Compensated Absences	120,629	163,536	120,629	163,536	163,536
Net OPEB Liability/(Asset)	(202,947)	369,248	85,155	81,146	
Net Pension Liabilities	44,415,038	(56,051)		44,358,987	
Totals	$ 114,247,629	$ 32,359,316	$ 32,959,909	$ 113,647,036	$ 3,634,077

The general obligation bonds are obligations of the Bond Interest & Redemption Fund. All other long-term liabilities are primarily obligations of the General Fund.

NOTE 10 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of $2,430,295 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

NOTE 11 - OPERATING LEASES

Facilities / Portables

The District leases certain excess facilities to others. The rental revenue from these leases for the 2019-20 fiscal year was $1,001,727. A majority of these leases are long-term leases.

The District has entered into various operating leases for portables with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration dates.

NOTE 12 - FUND BALANCES

The District's fund balances at June 30, 2020 consisted of the following:

	General Fund	Bond Interest and Redemption Fund	Capital Projects - Special Reserve Fund	Non-Major Governmental Funds	Totals
Nonspendable:					
Revolving Cash	$ 5,500				$ 5,500
Restricted:					
Categorical Programs	1,593,608				1,593,608
Food Service Program				$ 30,220	30,220
Debt Service		$ 4,626,815			4,626,815
Capital Projects				41,595	41,595
Total Restricted	1,593,608	4,626,815		71,815	6,292,238
Assigned:					
STRS Reserve	2,314,885				2,314,885
Parcel Tax	1,157,443				1,157,443
OPEB Reserve	250,943				250,943
Capital Projects			$ 4,677,321		4,677,321
Total Assigned	3,723,271		4,677,321		8,400,592
Unassigned:					
Reserve for Economic Uncertainties	16,171,697				16,171,697
Totals	$ 21,494,076	$ 4,626,815	$ 4,677,321	$ 71,815	$ 30,870,027

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019-20, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 14 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements with Marin School Insurance Authority (MSIA) for workers' compensation and property and liability insurance, and Marin Pupils Transportation Agency (MPTA) for pupil transportation services for special education children. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage or services for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPAs.

NOTE 14 - JOINT VENTURES (CONCLUDED)

The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management.

NOTE 15 - ECONOMIC DEPENDENCY

During fiscal year 2019-20, the District received $11,793,181 of parcel tax revenue that is subject to voter approval.

NOTE 16 - SIGNIFICANT TRANSACTIONS WITH COMPONENT UNIT

Mill Valley Schools Community Foundation (Kiddo!) donated $2,788,658 in cash to the District during fiscal year 2019-20, which is subject to voluntary public contributions to the organization and is included in Operating Grants and Contributions Revenue of the District on the Statement of Activities reported on page 17.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

C. Long-Term Interfund Loan

On June 17, 1996, the Mill Valley School District Board of Trustees approved and adopted a Board resolution to loan funds from the Capital Projects - Special Reserve Fund to the Capital Facilities Fund as bridge financing for the Edna Maguire School site expansion. The resolution authorized the District to expend $2,047,870 from the Capital Projects - Special Reserve Fund to construct four buildings at the Edna Maguire School site.

The resolution also provided that beginning in the 1996-97 school year, the District would begin repaying the expended funds from the Capital Facilities Fund, with interest computed monthly at the prime rate. On June 20, 2012, the Mill Valley School District Board of Trustees approved and adopted a Board resolution to discharge its need to make interest payments upon the amounts taken from the Capital Projects - Special Reserve Fund and that payments made after July 1, 2012 shall be used exclusively to reduce the principal balance. As of June 30, 2020, the outstanding balance on this loan is $319,310.

NOTE 18 - DEFEASED DEBT

The Election of 2009, Series B, General Obligation Bonds of the District have been defeased by placing the proceeds of the 2020 Refunding Bond in an irrevocable escrow account held and managed by bank trustees, in an amount that is sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased debts are not included in the District's financial statements.

The defeased Election of 2009, Series B bonds outstanding at June 30, 2020 considered extinguished are as follows:

Defeased Debt	Maturities Refunded	Principal Refunded
Election of 2009, Series B	8/1/24 - 8/1/39	$28,535,000

NOTE 19 - GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus includes restriction on travel, quarantine in certain areas, and forced closure for certain type of public spaces and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on local education agencies throughout the United States, especially those located in California. While it is unknown how long these conditions will last and what the complete financial effect will be on local education agencies, to date, the District has not experienced any significant negative financial impact. However, due to the existence of significant economic impacts at the Federal, State, and Local government levels, it is reasonably possible that the District will be vulnerable to the risk of a near-term severe impact from the coronavirus.

NOTE 20 - SUBSEQUENT EVENTS

The District's management has evaluated events that have occurred for possible disclosure in the financial statements from the balance sheet date through December 11, 2020, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

MILL VALLEY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 2,306,260	$ 2,306,320	$ 2,306,300	$ (20)
Local Sources	23,327,089	22,991,157	23,243,107	251,950
Total LCFF Sources	25,633,349	25,297,477	25,549,407	251,930
Federal Revenue	646,425	787,772	767,696	(20,076)
Other State Revenue	2,544,599	3,445,554	3,491,696	46,142
Other Local Revenue	17,810,002	18,442,462	18,288,154	(154,308)
Total Revenues	46,634,375	47,973,265	48,096,953	123,688
Expenditures				
Current:				
Certificated Salaries	20,116,805	20,406,567	20,143,168	263,399
Classified Salaries	6,224,793	6,324,111	6,021,201	302,910
Employee Benefits	12,892,313	12,948,365	12,731,039	217,326
Books and Supplies	1,007,350	2,263,548	1,262,475	1,001,073
Services and Other Operating Expenditures	4,519,709	6,104,752	5,135,932	968,820
Capital Outlay	40,000	40,000	30,123	9,877
Other Expenditures	744,227	678,417	558,064	120,353
Total Expenditures	45,545,197	48,765,760	45,882,002	2,883,758
Excess of Revenues Over (Under) Expenditures	1,089,178	(792,495)	2,214,951	3,007,446
Other Financing (Uses)				
Operating Transfers Out	(10,000)	(10,000)	(10,000)	
Net Change in Fund Balances	1,079,178	(802,495)	2,204,951	$ 3,007,446
Fund Balances - July 1, 2019	19,289,125	19,289,125	19,289,125	
Fund Balances - June 30, 2020	$ 20,368,303	$ 18,486,630	$ 21,494,076	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service Cost	$ 209,931	$ 524,412	$ 460,190
Interest on Total OPEB Liability	323,855	396,756	372,991
Differences Between Expected and Actual Experience	3,993		
Changes in Assumptions or Other Inputs		(2,025,349)	
Benefit Payments (including implicit subsidy)	(85,155)	(81,225)	(184,293)
Net Changes in Total OPEB Liability	452,624	(1,185,406)	648,888
Total OPEB Liability - Beginning	4,628,504	5,813,910	5,165,022
Total OPEB Liability - Ending	$ 5,081,128	$ 4,628,504	$ 5,813,910
Plan Fiduciary Net Position			
Contributions - Employer	$ 85,155	$ 597,477	$ 898,781
Net Investment Income	326,042	270,844	248,812
Differences Between Expected and Actual Investment Income	(153,353)	4,412	
Benefit Payments (including implicit subsidy)	(85,155)	(81,225)	(184,293)
Administrative Expenses	(4,158)	(2,095)	(1,713)
Net Changes in Plan Fiduciary Net Position	168,531	789,413	961,587
Plan Fiduciary Net Position - Beginning	4,831,451	4,042,038	3,080,451
Plan Fiduciary Net Position - Ending	$ 4,999,982	$ 4,831,451	$ 4,042,038
District's Net OPEB Liability/(Asset) - Ending	$ 81,146	$ (202,947)	$ 1,771,872
Plan Fiduciary Net Position as Percentage of Total OPEB Liability	98.40%	104.38%	69.52%
Covered-employee Payroll	$ 25,711,553	$ 24,962,673	$ 22,156,365
District's Net OPEB Liability/(Asset) as Percentage of Covered-employee Payroll	0.32%	-0.81%	8.00%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2020

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2020	0.0354%	$ 31,935,301	$ 17,422,839	$ 49,358,140	$ 19,101,425	167.19%	72.56%
2019	0.0355%	32,584,187	18,655,971	51,240,158	18,969,813	171.77%	70.99%
2018	0.0341%	31,541,525	18,659,700	50,201,225	18,188,911	173.41%	69.46%
2017	0.0361%	29,195,816	16,620,657	45,816,473	17,892,302	163.18%	70.04%
2016	0.0382%	25,743,312	13,615,374	39,358,686	17,380,372	148.12%	74.02%
2015	0.0361%	21,119,853	12,753,079	33,872,932	16,097,406	131.20%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2020

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2020	0.0426%	$ 12,423,686	$ 5,895,305	210.74%	70.05%
2019	0.0444%	11,830,851	5,855,740	202.04%	70.85%
2018	0.0452%	10,792,640	5,799,050	186.11%	71.87%
2017	0.0473%	9,348,526	5,674,998	164.73%	73.90%
2016	0.0500%	7,369,123	5,530,855	133.24%	79.43%
2015	0.0485%	5,505,350	5,090,753	108.14%	83.38%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2020	$ 3,337,308	$ 3,337,308	$ 0	$ 19,516,421	17.10%
2019	3,109,712	3,109,712	0	19,101,425	16.28%
2018	2,737,344	2,737,344	0	18,969,813	14.43%
2017	2,288,165	2,288,165	0	18,188,911	12.58%
2016	1,919,844	1,919,844	0	17,892,302	10.73%
2015	1,543,377	1,543,377	0	17,380,372	8.88%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2020	$ 1,145,687	$ 1,145,687	$ 0	$ 5,809,477	19.721%
2019	1,064,810	1,064,810	0	5,895,305	18.062%
2018	909,455	909,455	0	5,855,740	15.531%
2017	805,372	805,372	0	5,799,050	13.888%
2016	672,317	672,317	0	5,674,998	11.847%
2015	651,037	651,037	0	5,530,855	11.771%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There were no excess of expenditures over appropriations in the General Fund as of June 30, 2020.

B. Schedule of Changes in Net OPEB Liability and Related Ratios

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the net OPEB liability, the total OPEB liability, the OPEB plan's fiduciary net position, the net OPEB liability, the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, the covered-employee payroll, and the net OPEB liability as a percentage of the District's covered-employee payroll.

C. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

D. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

NOTE 2 - SUMMARY OF CHANGES FOR OPEB

Benefit Terms

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

Changes in Assumptions or Other Inputs

There were no changes in assumptions since the prior measurement date.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

Changes of Assumptions

There were no changes in assumptions since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

SUPPLEMENTARY INFORMATION SECTION

MILL VALLEY SCHOOL DISTRICT

ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ORGANIZATION

The Mill Valley School District was established on May 1, 1891, and it comprises of an area of approximately 64 square miles located in Marin County. There were no changes in the boundaries of the District during the current year. The District is currently operating five elementary schools and one middle school.

BOARD OF EDUCATION

Name	Office	Term Expires
Marco Pardi	President	November 2022
Emily Uhlhorn	Vice-President / Clerk	November 2022
Todd May	Member	November 2022
Bob Jacobs	Member	November 2020
Leslie Wachtel	Member	November 2020

ADMINISTRATION

Kimberly Berman, Ph. D.
Superintendent

Michele Rollins, Ed. D.
Assistant Superintendent/
Business Services

MILL VALLEY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Cafeteria		Capital Facilities		Total Non-Major Governmental Funds	
Assets						
Deposits and Investments	$	30,441	$	41,595	$	72,036
Total Assets	$	30,441	$	41,595	$	72,036
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	$	221			$	221
Fund Balances:						
Restricted		30,220	$	41,595		71,815
Total Liabilities and Fund Balances	$	30,441	$	41,595	$	72,036

SEE NOTES TO SUPPLEMENTARY INFORMATION

MILL VALLEY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Cafeteria	Capital Facilities	Total Non-Major Governmental Funds
Revenues			
Federal Revenue	$ 52,319		$ 52,319
State Revenue	2,109		2,109
Local Revenue	419,882	$ 129,777	549,659
Total Revenues	474,310	129,777	604,087
Expenditures			
Current:			
Food Services	502,858		502,858
Other General Administration		5,769	5,769
Total Expenditures	502,858	5,769	508,627
Excess of Revenues Over (Under) Expenditures	(28,548)	124,008	95,460
Other Financing Sources (Uses)			
Operating Transfers In	10,000		10,000
Operating Transfers Out		(125,000)	(125,000)
Total Other Financing Sources (Uses)	10,000	(125,000)	(115,000)
Net Change in Fund Balances	(18,548)	(992)	(19,540)
Fund Balances - July 1, 2019	48,768	42,587	91,355
Fund Balances - June 30, 2020	$ 30,220	$ 41,595	$ 71,815

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	P-2 Report			
	K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular	1,160.49	869.53	704.61	2,734.63
Extended Year Special Education	0.44	0.18	0.15	0.77
Special Education - Nonpublic	0.86	2.47	1.11	4.44
Extended Year Special Education - Nonpublic		0.50	0.27	0.77
Totals	1,161.79	872.68	706.14	2,740.61

	Annual Report			
	K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular	1,160.49	869.53	704.61	2,734.63
Extended Year Special Education	0.44	0.18	0.15	0.77
Special Education - Nonpublic	0.86	2.47	1.11	4.44
Extended Year Special Education - Nonpublic		0.50	0.27	0.77
Totals	1,161.79	872.68	706.14	2,740.61

The District does not operate a transitional kindergarten (TK) program.

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Grade Level	Minutes Required	2019-20 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	44,960	180	N/A	In Compliance
Grade 1	50,400	52,335	180	N/A	In Compliance
Grade 2	50,400	52,335	180	N/A	In Compliance
Grade 3	50,400	52,335	180	N/A	In Compliance
Grade 4	54,000	54,075	180	N/A	In Compliance
Grade 5	54,000	54,075	180	N/A	In Compliance
Grade 6	54,000	56,448	180	N/A	In Compliance
Grade 7	54,000	56,448	180	N/A	In Compliance
Grade 8	54,000	56,448	180	N/A	In Compliance

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed Through California Department of Education (CDE):				
Child Nutrition Cluster:				
National School Lunch	10.555	13524		$ 52,319
Total U.S. Department of Agriculture				52,319
U.S. Department of Education:				
Passed Through CDE:				
Title I Part A Basic Grant Low-Income & Neglected	84.010	14329		92,724
Title II Part A Supporting Effective Instruction	84.367	14341		68,645
Title III English Learner Student Program	84.365	14346		13,178
Title IV Part A Student Support & Academic Enrichment	84.424	15396		10,000
Passed Through Marin County SELPA:				
Special Education Cluster:				
IDEA Part B Basic Local Assistance	84.027	13379		400,965
IDEA Part B Basic Local Assistance Private School	84.027	10115		1,656
IDEA Part B Preschool Grants	84.173	13430		19,594
IDEA Part B Preschool Local Entitlement	84.027A	13682		62,796
IDEA Part B Mental Health Allocation Plan	84.027A	15197		12,643
Subtotal Special Education Cluster				497,654
Total U.S. Department of Education				682,201
U.S. Department of the Treasury:				
Passed Through California Department of Education (CDE):				
Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516		285,190
Total U.S. Department of the Treasury				285,190
U.S. Department of Health and Human Services:				
Passed Through Contra Costa County Office of Education:				
Medi-Cal Administrative Activities	93.778	10060		85,495
Total U.S. Department of Health and Human Services				85,495
Totals			$ 0	$ 1,105,205

SEE NOTES TO SUPPLEMENTARY INFORMATION

MILL VALLEY SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT

WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2020 Annual Financial and Budget Report Fund Balances	$ 21,243,133	$ 250,943
Reclassification Increasing (Decreasing) Fund Balances:		
Reclassification of Fund Balances	250,943	(250,943)
June 30, 2020 Audited Financial Statements Fund Balances	$ 21,494,076	$ 0

Auditor's Comments

The fund balances of the General Fund and Special Reserve Fund for Postemployment Benefits have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2020.

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND			
	(Budget) 2020-21	2019-20	2018-19	2017-18
Revenues and Other Financial Sources	$ 47,635,931	$ 48,096,953	$ 49,195,756	$ 45,729,012
Expenditures	48,124,451	45,882,002	46,730,867	44,469,378
Other Uses and Transfers Out	10,000	10,000	10,000	10,000
Total Outgo	48,134,451	45,892,002	46,740,867	44,479,378
Change in Fund Balance	(498,520)	2,204,951	2,454,889	1,249,634
Ending Fund Balance	$ 20,995,556	$ 21,494,076	$ 19,289,125	$ 16,834,236
Available Reserves	$ 15,959,867	$ 16,171,697	$ 13,930,312	$ 11,639,258
Reserve for Economic Uncertainties *	$ 15,959,867	$ 16,171,697	$ 13,930,312	$ 11,639,258
Available Reserves as a Percentage of Total Outgo	33.2%	35.2%	29.8%	26.2%
Average Daily Attendance at P-2	2,700	2,741	2,841	2,971
Total Long-Term Liabilities	$ 110,012,959	$ 113,647,036	$ 114,450,576	$ 117,405,330

* Reported balances are a component of available reserves.

The fund balance of the General Fund increased $4,659,840 (27.7%) over the past two years. The fiscal year 2020-21 budget projects a decrease of $498,520 (2.3%). For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses in each of the past three fiscal years.

Average daily attendance (ADA) decreased 230 ADA over the past two years. The District's budget projects a further decrease of 41 ADA during fiscal year 2020-21.

Total long-term liabilities decreased $3,758,294 over the past two years.

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

MEASURES A & B - PARCEL TAXES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Measure A	Measure B	Totals
Revenues			
Parcel Tax Revenue, Net	$ 9,714,764	$ 2,078,416	$ 11,793,180
District Contribution	385,979		385,979
Total Revenues	10,100,743	2,078,416	12,179,159
Expenditures			
Certificated Salaries	7,279,467	1,482,701	8,762,168
Employee Benefits	2,793,893	577,565	3,371,458
Books and Supplies	7,733		7,733
Services and Operating Expenditures	19,650	18,150	37,800
Total Expenditures	10,100,743	2,078,416	12,179,159
Net Changes in Fund Balances	0	0	0
Fund Balances - Beginning	0	0	0
Fund Balances - Ending	$ 0	$ 0	$ 0

SEE NOTES TO SUPPLEMENTARY INFORMATION

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The District submitted the Covid-19 School Closure Certification on July 7, 2020 and reported 58 total number of instructional days school closed due to Covid-19.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The District has not elected to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

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

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

F. Schedule of Financial Trends and Analysis

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

G. Schedule of Revenues, Expenditures, and Changes in Fund Balances - Measures A & B

This schedule provides information regarding the receipt and use of funds related to the District's *Measure E* and *Measure B* parcel taxes.

Measure E

On November 6, 2016, the qualified voters of the District voted to approve a Measure E, an amendment to an existing parcel tax (Measure A), for purposes of increasing the amount of the tax, updating the purposes for which the proceeds of the tax may be used, and extending the length of the parcel tax. As a result, the District is authorized to use the proceeds of the special tax solely to protect educational quality; attract and keep high-quality teachers; maintain library services and physical education programs; preserve small neighborhood schools and class sizes; and prevent significant budget cuts due to reductions in State education funding. The measure expires June 30, 2029.

Measure B

On November 6, 2012 the qualified voters of the District voted to approve Measure B, authorizing the District to levy a qualified special parcel tax. As a result, the District is authorized to use the proceeds of the special tax solely to protect against damaging state budget cuts; attract and keep skilled, qualified teachers and provide training; maintain school libraries and library services; prevent a shortened school year; provide programs for at-risk students and students who need additional support; and replace some of the funding the District lost to the State. The measure expires June 30, 2021.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education
Mill Valley School District
Mill Valley, California

Report on State Compliance

We have audited Mill Valley School District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the District's state programs occurred. An audit includes examining, on a test basis, evidence about Mill Valley School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. Our audit does not provide a legal determination of Mill Valley School District's compliance with those requirements.

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

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

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

Opinion on State Compliance

In our opinion, Mill Valley School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2020

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

Board of Education
Mill Valley School District
Mill Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Mill Valley School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2020. Our report includes a reference to other auditors who audited the financial statements of the Mill Valley Schools Community Foundation (Kiddo!), as described in our report on Mill Valley School District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Compliance and Other Matters

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

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2020

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

Board of Education
Mill Valley School District
Mill Valley, California

Report on Compliance for Each Major Federal Program

We have audited the Mill Valley 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 the Mill Valley School District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative 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 the Mill Valley 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 the Mill Valley School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Mill Valley 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, 2020.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Board of Education
Mill Valley School District
Page Two

Report on Internal Control over Compliance

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

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

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

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2020

FINDINGS AND QUESTIONED COSTS SECTION

MILL VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	____ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes	X 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 200.516(a)	____ Yes	X No

Identification of major programs:

CFDA Numbers	Federal Program
84.027 / 84.027A / 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

State Awards

Any audit findings required to be reported in accordance with the *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?*	____ Yes	X No
Type of auditor's report issued on compliance for state programs:	Unmodified	

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no matters to report for the fiscal year ended June 30, 2020.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2020.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2020.

Recommendations	Current Status	Explanation If Not Fully Implemented
FINANCIAL STATEMENTS		
2019 - 001 / 30000		
MEAL REIMBURSEMENT CLAIM REPORTING		
The District should verify that the total number of meals to be claimed for reimbursement from the State agrees to the total number of meals served counts accumulated on the "NSLP Lunch List Detail Report" by school site, prior to finalizing and submitting the claims to the State.	Implemented	
STATE AWARDS		
2019 - 002 / 40000		
COMPREHENSIVE SCHOOL SAFETY PLAN		
The District should establish procedures to ensure that comprehensive school safety plans are reviewed and updated for all school sites by March 1 in accordance with Education Code Section 32286.	Implemented	