MONROVIA UNIFIED SCHOOL DISTRICT

LOS ANGELES COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2019

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SUPPLEMENTARY INFORMATION

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NIGRO & NIGRO PC
A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

Board of Education
Monrovia Unified School District
Monrovia, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Monrovia Unified School District, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Monrovia Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 62 to 65 and the schedule of expenditures of federal awards on page 66 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 61 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 19, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
November 19, 2019

This discussion and analysis of Monrovia Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by $7.1 million, or 16.1%. This is primarily the result of an increase in the District's proportionate share of the State's unfunded CalSTRS and CalPERS pension liabilities.

- Governmental expenses were about $89.1 million. Revenues were about $82.0 million. These amounts include deferred inflows and outflows for the District's proportionate share of the State's unfunded CalSTRS and CalPERS pension liabilities.

- The District acquired $3.0 million in new capital assets during the year. These additions were incurred primarily for new HVAC systems at Plymouth and Santa Fe, the purchase of 5 new school buses, and new playground equipment at Monroe and Plymouth.

- The District decreased its outstanding long-term debt other than pensions by $2.4 million. This was primarily due to debt service payments on general obligation bonds paid by property tax assessments, debt service payments on the COP, and the annual payment on the 2017 PARS retirement incentive.

- Grades K-12 average daily attendance (ADA) decreased by 133, or 2.5%, due to declining enrollment.

- Governmental funds decreased by $1.8 million, or 7.9%, primarily for the purchase of 5 new school buses, and the replacement of HVAC systems at Plymouth and Clifton.

- Reserves for the General Fund decreased by $0.8 million, or 9.8%.

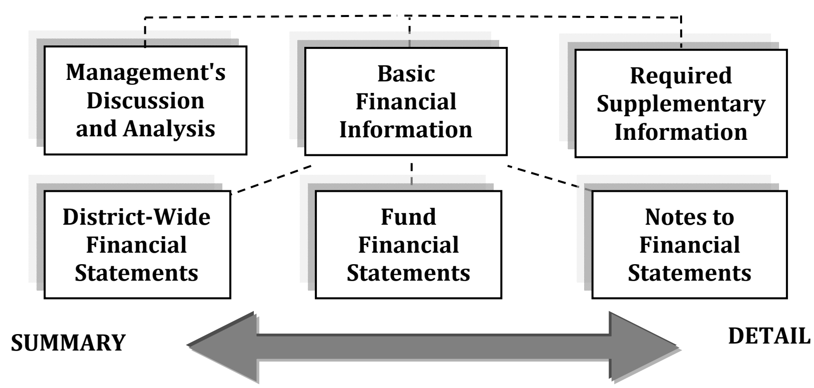
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

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

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



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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

Type of Statements	District-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds, food service catering program, International Student Programs, and LKT Performing Arts Center	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, & Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

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

- Some funds are required by State law and by bond covenants.

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

The District has three kinds of funds:

1) ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

Fund Financial Statements (continued)

2) ***Proprietary funds*** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District's Enterprise Fund is the same one as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as cash flows. The District uses the Enterprise Fund to report activities that relate to its fee-based programs.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2019, than it was the year before – decreasing 16.1% to $(51.0) million (See Table A-1). This is primarily the result of an increase in the District's proportionate share of the State's unfunded CalSTRS and CalPERS pension liabilities.

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase	Business-Type Activities		Variance Increase
	2019	2018	(Decrease)	2019	2018	(Decrease)
Current assets	$ 32,122,909	$ 29,417,129	$ 2,705,780	$ 211,346	$ 205,892	$ 5,454
Capital assets, net of depreciation	71,329,564	72,546,887	(1,217,323)	-	-	-
Total assets	103,452,473	101,964,016	1,488,457	211,346	205,892	5,454
Total deferred outflows	19,233,066	27,364,016	(8,130,950)	-	-	-
Current liabilities	8,963,671	7,010,921	1,952,750	52,372	72,798	(20,426)
Long-term liabilities	90,690,501	93,069,898	(2,379,397)	-	-	-
Net pension liability	69,119,397	69,414,863	(295,466)	-	-	-
Total liabilities	168,773,569	169,495,682	(722,113)	52,372	72,798	(20,426)
Total deferred inflows	5,061,604	3,903,617	1,157,987	-	-	-
Net position						
Net investment in capital assets	6,678,333	8,753,915	(2,075,582)	-	-	-
Restricted	12,334,287	8,993,468	3,340,819	158,974	-	158,974
Unrestricted	(70,162,254)	(61,818,650)	(8,343,604)	-	133,094	(133,094)
Total net position	$ (51,149,634)	$ (44,071,267)	$ (7,078,367)	$ 158,974	$ 133,094	$ 25,880

Changes in net position, governmental activities. The District's total revenues increased 5.2% to $82.0 million (See Table A-2). The increase is due primarily to an increase in State On-Behalf contributions to CalSTRS and CalPERS pensions, an increase in the District's proportionate share of the State's unfunded CalSTRS and CalPERS pension liabilities, and an increase in State funding to fully fund the Local Control Funding Formula (LCFF) target.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net position, governmental activities (continued)

The total cost of all programs and services increased 9.9% to $89.1 million. The District's expenses are predominantly related to educating and caring for students, 73.2%. The purely administrative activities of the District accounted for just 6.6% of total costs. Significant contributors to the increase in costs were an increase in State On-Behalf contributions to CalSTRS and CalPERS pensions, an increase in the District's proportionate share of the State's unfunded CalSTRS and CalPERS pension liabilities, and increases in the District's CalSTRS and CalPERS pension contributions.

Table A-2: Statement of Activities

	Governmental Activities 2019	Governmental Activities 2018	Variance Increase (Decrease)	Business-Type Activities 2019	Business-Type Activities 2018	Variance Increase (Decrease)
Revenues						
Program Revenues:						
Charges for services	$ 1,864,722	$ 1,990,346	$ (125,624)	$ 518,137	$ 410,403	$ 107,734
Operating grants and contributions	18,841,599	17,623,282	1,218,317	-	64,930	(64,930)
General Revenues:						
Property taxes	21,612,618	20,988,195	624,423	-	-	-
Federal and state aid not restricted	38,696,371	36,407,768	2,288,603	-	-	-
Other general revenues	1,003,097	971,940	31,157	5,457	2,735	2,722
Total Revenues	82,018,407	77,981,531	4,036,876	523,594	478,068	45,526
Expenses						
Instruction-related	55,285,714	48,820,769	6,464,945	-	-	-
Pupil services	9,889,410	8,957,861	931,549	-	-	-
Administration	5,894,246	4,898,391	995,855	-	-	-
Plant services	5,985,970	5,449,028	536,942	-	-	-
All other activities	12,041,434	12,915,832	(874,398)	497,714	490,549	7,165
Total Expenses	89,096,774	81,041,881	8,054,893	497,714	490,549	7,165
Increase (decrease) in net position	$ (7,078,367)	$ (3,060,350)	$ (4,018,017)	$ 25,880	$ (12,481)	$ 38,361
Total Net Position	$ (51,149,634)	$ (44,071,267)	$ (7,078,367)	$ 158,974	$ 133,094	$ 25,880

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance the District as a whole is reflected in its governmental funds as well. As the District completed this year its governmental funds reported a combined fund balance of $21.6 million, which is below last year's ending fund balance of $23.4 million. The primary causes of the decreased fund balance are declining enrollment, increased CalSTRS and CalPERS pension costs, the purchase of five new school buses, and the replacement of HVAC systems at Plymouth and Clifton.

Table A-3: The District's Fund Balances

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2019
Governmental Funds					
General Fund	$ 11,874,072	$ 67,825,726	$ 70,379,635	$ (206,913)	$ 9,113,250
Adult Education Fund	365,872	5,558,361	5,435,164	(145,816)	343,253
Child Development Fund	141,239	1,161,030	1,148,858	-	153,411
Cafeteria Fund	85,084	2,870,502	2,915,280	-	40,306
Deferred Maintenance Fund	497,661	109,574	73,428	-	533,807
Capital Facilities Fund	1,471,364	114,934	218,187	-	1,368,111
Special Reserve Fund for Capital Outlay	4,295,710	938,934	620,242	134,136	4,748,538
Bond Interest and Redemption Fund	4,717,264	6,089,621	5,502,363	-	5,304,522
Debt Service Fund	131	-	218,724	218,593	-
	$ 23,448,397	$ 84,668,682	$ 86,511,881	$ -	$ 21,605,198

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

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

- Revenues – increased by $2.6 million primarily to reflect an increase in State On-Behalf contributions to CalSTRS pensions.
- Salaries and benefits costs – increased $4.2 million primarily to reflect an increase in State On-Behalf contributions to CalSTRS pensions, and the cost of a 1.5% negotiated salary increase.
- Other non-personnel expenses – increased $2.3 million primarily for the purchase of 5 new school buses, and the replacement of HVAC systems at Plymouth and Clifton.

The District's final budget was adopted to be in line with actual revenues and expenditures, but did not include additional STRS and PERS on-behalf contributions from SB 90.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2018-19 the District had acquired $3.0 million in new capital assets, primarily for new HVAC systems at Plymouth and Santa Fe, the purchase of 5 new school buses, and new playground equipment at Monroe and Plymouth. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $4.2 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		Variance Increase
	2019	**2018**	**(Decrease)**
Land	$ 606,055	$ 606,055	$ -
Land improvements	1,099,154	824,330	274,824
Buildings	66,350,071	70,183,498	(3,833,427)
Equipment	1,259,040	570,331	688,709
Construction in progress	2,015,244	362,673	1,652,571
Total	$ 71,329,564	$ 72,546,887	$ (1,217,323)

Long-Term Debt

At year-end the District had $90.7 million in long-term debt other than pensions, – a decrease of 2.6% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities				Variance Increase	
	2019		2018		(Decrease)	
General obligation bonds	$	87,013,908	$	89,035,192	$	(2,021,284)
Certificates of participation		1,195,000		1,370,000		(175,000)
Compensated absences		1,253,770		1,106,424		147,346
Early retirement incentive		913,228		1,194,462		(281,234)
Other postemployment benefits		314,595		363,820		(49,225)
Total	$	90,690,501	$	93,069,898	$	(2,379,397)

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislature passed the final budget package on June 13, 2019. The Governor signed the *2019-20 Budget Act* and 15 other budget-related bills on June 27, 2019.

Major Features of the 2019-20 Spending Plan

Makes $5.9 Billion in Additional Unfunded Liability Payments
Teachers, administrators, and other certificated employees of school districts earn pension benefits from the California State Teachers' Retirement System (CalSTRS). Other school district employees, such as clerical staff, also earn pension benefits administered by California Public Employees' Retirement System (CalPERS). The state and school districts each have full responsibility for their respective CalPERS' unfunded liabilities associated with their own employees. In the case of CalSTRS, the state and school districts share responsibility for the system's total unfunded liability (about one-third is the responsibility of the state and two-thirds of the districts).

The spending plan allocates $5.9 billion General Fund to pay down unfunded pension liabilities on behalf of both the state and school districts (some of which is counted toward the state's Proposition 2 debt payment requirements). In particular, the spending plan dedicates:

- ***$3.6 Billion to Address State's Unfunded Liabilities.*** The spending plan uses $2.5 billion in General Fund monies to pay down the state's CalPERS unfunded liability. The spending plan also devotes $1.1 billion General Fund to reduce the state's share of the CalSTRS unfunded liability, as part of the state's Proposition 2 debt payment requirements.
- ***$2.3 Billion to Address School Districts' Unfunded Liabilities.*** The spending plan also devotes $1.6 billion General Fund to reduce the school districts' share of the CalSTRS unfunded liability and $660 million General Fund to address the school districts' CalPERS unfunded liability.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-14 Education

Provides a Few Notable Ongoing Proposition 98 Augmentations
Under the spending plan, Proposition 98 funding for 2019-20 increases $2.9 billion (3.7 percent) from the revised 2018-19 level. The spending plan devotes the largest share of this increase—$2 billion—to school districts to cover changes in student attendance and provide a 3.26 percent cost-of-living adjustment (COLA) for the Local Control Funding Formula (general purpose per-student funding). The budget also provides two augmentations related to special education: (1) $493 million for school districts based on the number of three- and four-year old children identified with disabilities affecting their education and (2) $153 million for special education agencies with average or below average per-pupil funding rates.

Pays a Portion of Districts' Pension Costs for the Next Two Years
The spending plan also provides additional monies to school districts outside of the Proposition 98 funding requirement by paying a portion of districts' pension costs for the next two years. School districts' pension contribution rates for both CalPERS and CalSTRS have been rising and are set to continue increasing for at least the next few years. For CalSTRS, the budget provides $606 million for the state to pay a portion of districts' costs (reducing district contribution rates by about 1 percent of payroll in 2019-20 and 2020-21). Similarly, the budget provides $244 million for the state to cover a portion of districts' CalPERS costs (reducing district rates by about 1 percent of payroll in 2019-20 and 2020-21). Although district pension rates will continue to rise, the increases will be slower than previously projected.

All of these factors were considered in preparing the Monrovia Unified School District budget for the 2019-20 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Service Department at Monrovia Unified School District, 325 E. Huntington Drive, Monrovia, California 91016, or e-mail at cwu@monroviaschools.net.

MONROVIA UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	$ 28,016,422	$ 136,762	$ 28,153,184
Investments	-	15,812	15,812
Accounts receivable	3,846,966	58,772	3,905,738
Inventories	259,521	-	259,521
Capital assets:			
Non-depreciable assets	2,621,299	-	2,621,299
Depreciable assets	107,636,140	-	107,636,140
Less, accumulated depreciation	(38,927,875)	-	(38,927,875)
Total assets	103,452,473	211,346	103,663,819
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	17,815,913	-	17,815,913
Deferred amount on refunding	1,417,153	-	1,417,153
Total deferred outflows of resources	19,233,066	-	19,233,066
LIABILITIES			
Accounts payable	8,914,260	19,302	8,933,562
Unearned revenue	49,411	33,070	82,481
Long-term liabilities other than pensions:			
Portion due or payable within one year	4,383,986	-	4,383,986
Portion due or payable after one year	86,306,515	-	86,306,515
Net pension liability	69,119,397	-	69,119,397
Total liabilities	168,773,569	52,372	168,825,941
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	5,061,604	-	5,061,604
Total deferred inflows of resources	5,061,604	-	5,061,604
NET POSITON			
Net investment in capital assets	6,678,333	-	6,678,333
Restricted for:			
Capital projects	6,116,649	-	6,116,649
Debt service	5,304,522	-	5,304,522
Educational programs	913,116	158,974	1,072,090
Unrestricted	(70,162,254)	-	(70,162,254)
Total net position	$ (51,149,634)	$ 158,974	$ (50,990,660)

MONROVIA UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional Services:						
Instruction	$ 45,701,995	$ 699,237	$ 6,757,044	$ (38,245,714)	$ -	$ (38,245,714)
Instruction-Related Services:						
Supervision of instruction	4,240,032	11,493	956,319	(3,272,220)	-	(3,272,220)
Instructional library, media and technology	392,163	459	96,394	(295,310)	-	(295,310)
School site administration	4,951,524	2,974	321,381	(4,627,169)	-	(4,627,169)
Pupil Support Services:						
Home-to-school transportation	1,208,185	79,647	170,869	(957,669)	-	(957,669)
Food services	3,032,923	397,470	2,424,179	(211,274)	-	(211,274)
All other pupil services	5,648,302	132,661	1,179,632	(4,336,009)	-	(4,336,009)
General Administration Services:						
Data processing services	1,248,015	12	21	(1,247,982)	-	(1,247,982)
Other general administration	4,646,231	41,701	558,842	(4,045,688)	-	(4,045,688)
Plant services	5,985,970	59,723	184,503	(5,741,744)	-	(5,741,744)
Ancillary services	670,932	16,977	36,867	(617,088)	-	(617,088)
Enterprise activities	28,494	-	2,545,113	2,516,619	-	2,516,619
Interest on long-term debt	3,591,439	-	-	(3,591,439)	-	(3,591,439)
Other outgo	3,540,993	422,368	3,610,435	491,810	-	491,810
Depreciation (unallocated)	4,209,576	-	-	(4,209,576)	-	(4,209,576)
Total Governmental Activities	89,096,774	1,864,722	18,841,599	(68,390,453)	-	(68,390,453)
Business-Type Activities:						
Enterprise activities	497,714	518,137	-	-	20,423	20,423
Total Business-Type Activities	497,714	518,137	-	-	20,423	20,423
Total	$ 89,594,488	$ 2,382,859	$ 18,841,599	(68,390,453)	20,423	(68,370,030)
General Revenues:						
Property taxes				21,612,618	-	21,612,618
Federal and state aid not restricted to specific purpose				38,696,371	-	38,696,371
Interest and investment earnings				191,652	5,457	197,109
Miscellaneous				811,445	-	811,445
Total general revenues				61,312,086	5,457	61,317,543
Change in net position				(7,078,367)	25,880	(7,052,487)
Net position - July 1, 2018				(44,071,267)	133,094	(43,938,173)
Net position - June 30, 2019				$ (51,149,634)	$ 158,974	$ (50,990,660)

MONROVIA UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2019

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS					
Cash	$ 13,260,960	$ 5,051,014	$ 5,304,522	$ 1,934,285	$ 25,550,781
Accounts receivable	2,698,165	24,074	-	1,021,516	3,743,755
Inventories	219,315	-	-	40,206	259,521
Total Assets	$ 16,178,440	$ 5,075,088	$ 5,304,522	$ 2,996,007	$ 29,554,057
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 6,828,487	$ 326,550	$ -	$ 557,119	$ 7,712,156
Due to other funds	187,293	-	-	-	187,293
Unearned revenue	49,410	-	-	-	49,410
Total Liabilities	7,065,190	326,550	-	557,119	7,948,859
Fund Balances					
Nonspendable	241,315	-	-	40,206	281,521
Restricted	757,065	4,748,538	5,304,522	1,524,162	12,334,287
Committed	-	-	-	874,520	874,520
Assigned	470,175	-	-	-	470,175
Unassigned	7,644,695	-	-	-	7,644,695
Total Fund Balances	9,113,250	4,748,538	5,304,522	2,438,888	21,605,198
Total Liabilities and Fund Balances	$ 16,178,440	$ 5,075,088	$ 5,304,522	$ 2,996,007	$ 29,554,057

MONROVIA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds			$ 21,605,198
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 at historical cost:	110,257,439	
	Accumulated depreciation:	(38,927,875)	
	Net:		71,329,564
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(991,544)
In the government-wide statements funds deferred amounts on refunding are recognized as a deferred outflow of resources and amortized over the life of the defeased debt. Unamortized deferred amounts included on the statement of net position are:			1,417,153
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	General obligation bonds payable	87,013,908	
	Certificates of participation payable	1,195,000	
	Compensated absences payable	1,253,770	
	Early retirement incentives	913,228	
	Other postemployment benefits	314,595	(90,690,501)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements			(69,119,397)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:			
	Deferred outflows of resources	17,815,913	
	Deferred inflows of resources	(5,061,604)	
	Total		12,754,309
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:			2,545,584
Total net position - governmental activities			$ (51,149,634)

MONROVIA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Non-Major Governmental Fund	Total Governmental Funds
REVENUES					
LCFF sources	$ 50,889,819	$ -	$ -	$ 350,000	$ 51,239,819
Federal sources	3,002,757	-	195,516	2,629,581	5,827,854
Other state sources	8,673,145	-	35,800	5,851,854	14,560,799
Other local sources	5,260,005	938,934	5,858,305	982,966	13,040,210
Total Revenues	67,825,726	938,934	6,089,621	9,814,401	84,668,682
EXPENDITURES					
Current:					
Instruction	41,984,318	-	-	1,877,207	43,861,525
Instruction-Related Services:					
Supervision of instruction	3,235,070	-	-	804,912	4,039,982
Instructional library, media and technology	353,153	-	-	-	353,153
School site administration	4,298,195	-	-	381,458	4,679,653
Pupil Support Services:					
Home-to-school transportation	1,979,190	-	-	-	1,979,190
Food services	-	-	-	2,873,424	2,873,424
All other pupil services	5,121,739	-	-	294,692	5,416,431
Ancillary Services	651,764	-	-	-	651,764
Enterprise Activities	16,190	-	-	353	16,543
General Administration Services:					
Data processing services	1,227,135	-	-	-	1,227,135
Other general administration	4,303,191	-	-	2,559	4,305,750
Transfers of Indirect Costs	(244,467)	-	-	244,467	-
Plant Services	5,474,871	5,790	-	266,286	5,746,947
Capital Outlay	1,268,224	614,452	-	215,628	2,098,304
Intergovernmental Transfers	711,062	-	-	2,829,931	3,540,993
Debt Service:					
Principal	-	-	2,715,455	175,000	2,890,455
Interest	-	-	2,786,908	43,724	2,830,632
Total Expenditures	70,379,635	620,242	5,502,363	10,009,641	86,511,881
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,553,909)	318,692	587,258	(195,240)	(1,843,199)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	134,136	-	218,593	352,729
Interfund transfers out	(206,913)	-	-	(145,816)	(352,729)
Total Other Financing Sources and Uses	(206,913)	134,136	-	72,777	-
Net Change in Fund Balances	(2,760,822)	452,828	587,258	(122,463)	(1,843,199)
Fund Balances, July 1, 2018	11,874,072	4,295,710	4,717,264	2,561,351	23,448,397
Fund Balances, June 30, 2019	$ 9,113,250	$ 4,748,538	$ 5,304,522	$ 2,438,888	$ 21,605,198

MONROVIA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2019

Total net change in fund balances - governmental funds		$ (1,843,199)
Amounts reported for governmental *activities* in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	2,992,253	
Depreciation expense	(4,209,576)	(1,217,323)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		2,890,455
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest additions less accreted interest paid during the year was:		(1,073,748)
In governmental funds, if debt is issued at a premium or a discount it is recognized as an other financing source or use in the period it is incurred. In the government-wide statements, the premium and discount are amortized over the life of the debt. Amortization of premiums and discounts for the period were:		379,577
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of payment for refunded bonds which have been defeased. In the governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the life of the refunded debt. The difference between current year charges and current year amortization is:		(117,280)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		50,644
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time. This year, such liabilities increased by:		281,234
In the statement of activities, compensated absences are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid* .)		(147,346)
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(8,853,006)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the government-wide statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:		26,041
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		2,545,584
Change in net position of governmental activities		$ (7,078,367)

MONROVIA UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2019

	Governmental Activities: Internal Service		Business-Type Activities: Enterprise Fund	
	Self-Insurance Fund		Fee-Based Programs	
ASSETS				
Cash	$	2,465,641	$	136,762
Investments		-		15,812
Accounts receivable		103,210		58,772
Total assets		2,568,851		211,346
LIABILITIES				
Accounts payable		23,267		19,302
Unearned revenue		-		33,070
Total liabilities		23,267		52,372
NET POSITION				
Restricted	$	2,545,584	$	158,974

MONROVIA UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities: Internal Service	Business-Type Activities: Enterprise Fund
	Self-Insurance Fund	Fee-Based Programs
OPERATING REVENUES		
All other local revenue	$ 2,831,929	$ 518,137
Total operating revenues	2,831,929	518,137
OPERATING EXPENSES		
Materials and supplies	-	57,886
Services and other operating expenses	291,314	439,828
Total operating expenses	291,314	497,714
Operating income (loss)	2,540,615	20,423
NON-OPERATING REVENUES		
Interest income	4,969	5,457
Change in net position	2,545,584	25,880
Net position, July 1, 2018	-	133,094
Net position, June 30, 2019	$ 2,545,584	$ 158,974

MONROVIA UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2019

	Governmental Activities: Internal Service Self-Insurance Fund	Business-Type Activities: Enterprise Fund Fee-Based Programs
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	$ 2,733,687	$ 527,531
Cash paid for operating expenses	(268,046)	(534,710)
Net cash provided (used) by operating activities	2,465,641	(7,179)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	-	5,098
Net cash provided (used) by investing activities	-	5,098
Net increase in cash	2,465,641	(2,081)
Cash and cash equivalents, July 1, 2018	-	154,655
Cash and cash equivalents, June 30, 2019	$ 2,465,641	$ 152,574
Reconciliation to Statement of Net Position:		
Cash in County Treasury	$ 2,465,641	$ 136,762
Cash and investments	-	15,812
Cash and cash equivalents, June 30, 2019	$ 2,465,641	$ 152,574
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 2,540,615	$ 20,423
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	(98,241)	(7,176)
Increase/(decrease) in accounts payable	23,267	(36,996)
Increase/(decrease) in unearned revenues	-	16,570
Net cash provided (used) by operating activities	$ 2,465,641	$ (7,179)

MONROVIA UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2019

	Agency Funds		
	Payroll Clearance Fund	Student Body Funds	Total
Assets			
Cash	$ 111,363	$ 237,602	$ 348,965
Due from other funds	187,293	-	187,293
Inventories	-	13,564	13,564
Prepaid expenses	-	4,981	4,981
Total Assets	$ 298,656	$ 256,147	$ 554,803
Liabilities			
Due to student groups	$ -	$ 256,147	$ 256,147
Due to regulatory agencies	298,656	-	298,656
Total Liabilities	$ 298,656	$ 256,147	$ 554,803

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the Board of Education of the component units is essentially the same as the Board of Education of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

On September 1, 2001, the District's Board of Education formed a nonprofit corporation, known as the Monrovia Unified School District Facilities Corporation ("the Corporation"), which is organized under the Nonprofit Benefit Corporation Law of the State of California. The purpose of the Financing Corporation is to finance the architectural fees and design costs associated with various school construction projects and to finance the modernization and improvement of certain school facilities. The Corporation issued Certificates of Participation (COPs), a form of long-term debt, which the District used to finance the projects.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

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

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

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued):

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

Deferred Maintenance Fund: This fund is used to account for separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

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

Debt Service Fund: This fund is used for the accumulation of resources for and the retirement of principal and interest on certificates of participation.

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

Internal Service Fund: This fund is used to account for services rendered on a cost-reimbursement basis within the District. The District operates the workers' compensation program that is accounted for in the Internal Service Fund.

Enterprise Fund: This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, whereas the intent is that he costs of providing services on a continuing basis be financed or recovered primarily through user charges. The District maintains one major enterprise fund:

Fees Based Program Enterprise Fund: This fund is used to account for the international student program, catering, and the LKT performance art center program.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

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

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

Payroll Clearance Fund: This fund is used to record dedicated funds for payroll and related expenses.

2. Measurement Focus, Basis of Accounting
The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The agency fund has no measurement focus and utilizes the accrual basis of accounting for reporting its assets and liabilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Inventories

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Examples	Estimated Useful Life in Years
Land	N/A	N/A
Site improvements	Paving flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Hearing, ventilation, and air conditioning system	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression system	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop and maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating, and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

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

7. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan 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 participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Pensions

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

9. Fund Balances

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Net Position

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

- **Net investment in capital assets -** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted -** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

F. Minimum Fund Balance Policy

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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

G. Property Tax Calendar

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

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

I. New GASB Pronouncements

During the 2018-19 fiscal year, the following GASB Pronouncements became effective:

1. In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

   This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

   The District has implemented the provisions of this Statement as of June 30, 2019.

2. In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

   This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

   This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

2. (continued)
   For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

   The District has implemented the provisions of this Statement as of June 30, 2019.

J. Future Accounting Pronouncements
Other GASB pronouncements, which will be effective in future periods, are as follows:

1. In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

   This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

2. In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early implementation is encouraged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

3. In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

   This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

   This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

4. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

   For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

4. (continued)
   This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

5. In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

   This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities.

   Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

   This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2019, are reported at fair value and consisted of the following:

	Governmental Activities			Business-Type Activities	
	Governmental Funds	Internal Service Fund	Total Governmental	Enterprise Fund	Fiduciary Funds
Pooled Funds:					
Cash in county treasury	$ 25,331,580	$ 2,465,641	$ 27,797,221	$ 136,762	$ 111,363
Deposits:					
Cash on hand and in banks	198,313	-	198,313	-	237,602
Cash in revolving fund	20,000	-	20,000	-	-
Cash awaiting deposit	888	-	888	-	-
Total Deposits	219,201	-	219,201	-	237,602
Total Cash	$ 25,550,781	$ 2,465,641	$ 28,016,422	$ 136,762	$ 348,965
Investments:					
Common stock				$ 15,812	

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

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

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2019, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)
As of June 30, 2019, $88,203 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2019, consisted of the following:

			Maturity			
	Cost Basis	Fair Value	Less Than One Year	One Year Through Five Years	Over Five Years	Fair Value Measurement
Common stock	$ 15,812	$ 15,812	$ 15,812	$ -	$ -	Level 1

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2019, all investments represented common stock which was issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2019, the District had the following investments that represents more than five percent of the District's net investments.

Common stock	100%

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 specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

NOTE 2 – CASH AND INVESTMENTS (continued)

Fair Value Measurements (continued)

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 date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Los Angeles 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.

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

NOTE 3 – ACCOUNTS RECEIVABLE

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

	Governmental Funds				Internal Service Fund	Enterprise Fund
	General Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Totals	Self-Insurance Fund	Fee-Based Program
Federal Government:						
Categorical aid programs	$ 1,673,185	$ -	$ 542,632	$ 2,215,817	$ -	$ -
State Government:						
Lottery	235,960	-	-	235,960	-	-
Categorical aid programs	179,169	-	-	179,169	-	-
Other state resources	-	-	461,847	461,847	-	-
Local:						
Interest	53,686	24,074	17,037	94,797	4,969	929
Other local resources	556,165	-	-	556,165	98,241	57,843
Total	$ 2,698,165	$ 24,074	$ 1,021,516	$ 3,743,755	$ 103,210	$ 58,772

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2019, consisted of the following:

General Fund due to the Payroll Clearance Fund to reimburse for payroll withholdings	$ 187,293

NOTE 4 – INTERFUND TRANSACTIONS (continued)

B. Transfers To/From Other Funds

Transfers to/from other funds for the year ended June 30, 2019, consisted of the following:

General Fund transfer to Debt Service Fund for debt service payment	$ 72,777
General Fund transfer to Special Reserve Fund for Capital Outlay Projects for repayment of loan	134,136
Adult Education Fund to Debt Service Fund for debt service payment	145,816
Total	$ 352,729

NOTE 5 – FUND BALANCES

At June 30, 2019, fund balances of the District's governmental funds were classified as follows:

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 20,000	$ -	$ -	$ -	$ 20,000
Stores inventories	219,315	-	-	40,206	259,521
All others	2,000	-	-	-	2,000
Total Nonspendable	241,315	-	-	40,206	281,521
Restricted:					
Categorical programs	757,065	-	-	156,051	913,116
Capital projects	-	4,748,538	-	1,368,111	6,116,649
Debt service	-	-	5,304,522	-	5,304,522
Total Restricted	757,065	4,748,538	5,304,522	1,524,162	12,334,287
Committed:					
Adult education program	-	-	-	340,713	340,713
Deferred maintenance program	-	-	-	533,807	533,807
Total Committed	-	-	-	874,520	874,520
Assigned:					
Other assignment	470,175	-	-	-	470,175
Total Assigned	470,175	-	-	-	470,175
Unassigned:					
Reserve for economic uncertainties	2,088,283	-	-	-	2,088,283
Unassigned balances	5,556,412	-	-	-	5,556,412
Total Unassigned	7,644,695	-	-	-	7,644,695
Total	$ 9,113,250	$ 4,748,538	$ 5,304,522	$ 2,438,888	$ 21,605,198

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2018	Additions	Retirements	Balance, June 30, 2019
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 606,055	$ -	$ -	$ 606,055
Construction in progress	362,673	1,973,865	321,294	2,015,244
Total capital assets not being depreciated	968,728	1,973,865	321,294	2,621,299
Capital assets being depreciated:				
Land Improvements	2,873,257	364,651	-	3,237,908
Buildings and Improvements	98,548,950	118,260	-	98,667,210
Equipment	4,874,251	856,771	-	5,731,022
Total capital assets being depreciated	106,296,458	1,339,682	-	107,636,140
Accumulated depreciation for:				
Land Improvements	(2,048,927)	(89,827)	-	(2,138,754)
Buildings and Improvements	(28,365,452)	(3,951,687)	-	(32,317,139)
Equipment	(4,303,920)	(168,062)	-	(4,471,982)
Total accumulated depreciation	(34,718,299)	(4,209,576)	-	(38,927,875)
Total capital assets being depreciated, net	71,578,159	(2,869,894)	-	68,708,265
Governmental activities capital assets, net	$ 72,546,887	$ (896,029)	$ 321,294	$ 71,329,564

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2019, were as follows:

	Balance, July 1, 2018	Additions	Deductions	Balance, June 30, 2019	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	$ 62,422,972	$ -	$ 2,715,455	$ 59,707,517	$ 3,515,000
Accreted interest component	22,483,929	1,418,293	344,545	23,557,677	-
Unamortized issuance premium	4,128,291	-	379,577	3,748,714	379,577
Total - General Obligation Bonds	89,035,192	1,418,293	3,439,577	87,013,908	3,894,577
Certificates of Participation	1,370,000	-	175,000	1,195,000	185,000
Compensated Absences	1,106,424	1,164,806	1,017,460	1,253,770	-
Early Retirement Incentives	1,194,462	23,175	304,409	913,228	304,409
Other Postemployment Benefits	363,820	-	49,225	314,595	-
Totals	$ 93,069,898	$ 2,606,274	$ 4,985,671	$ 90,690,501	$ 4,383,986

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of Participation are paid from the Debt Service Fund. Early retirement incentives are paid from the General Fund. Compensated absences and other post-employment benefits are paid from the fund for which the employee works.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds

Election of 1997 (Measure M)
On June 3, 1997, the voters of the District approved a measure by more than a two-thirds affirmative vote authorizing the District to issue up to $34 million of general obligation bonds. The Bonds were issued for the purpose of raising money to be used for the construction of new school facilities and the repair of existing school facilities.

Election of 2006 (Measure M)
On June 6, 2006, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue up to $45 million of general obligation bonds. The Bonds were issued to finance the renovation and modernization of school facilities and to pay costs of issuance associated with the bonds.

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, none of the defeased debt remains outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2019, deferred amounts on refunding were $1,417,153.

A summary of all bond issued and outstanding at June 30, 2019 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2018	Additions	Deductions	Balance, June 30, 2019
Election of 1997 (Measure M)								
Series A	9/1/1997	8/1/2018	3.95% -5.67%	$ 23,999,059	$ 155,455	$ -	$ 155,455	$ -
Series B	1/11/2001	8/1/2033	5.62% -6.20%	9,999,602	9,999,602	-	-	9,999,602
Election of 2006 (Measure M)								
Series B	6/11/2009	8/1/2033	3.00% -6.62%	17,991,665	4,316,665	-	575,000	3,741,665
Series C	12/21/2010	8/1/2036	2.50% -7.50%	3,981,250	3,141,250	-	-	3,141,250
Series C-1	12/21/2010	8/1/2037	7.25% -7.50%	8,025,000	8,025,000	-	-	8,025,000
Refunding Bonds								
2005 Ref.	2/16/2005	8/1/2022	2.15% -5.25%	13,005,000	12,900,000	-	1,645,000	11,255,000
2015 Ref.	6/19/2015	8/1/2031	2.00% -5.00%	24,530,000	23,885,000	-	340,000	23,545,000
					$ 62,422,972	$ -	$ 2,715,455	$ 59,707,517
				Accreted Interest				
				1997 A	$ 342,248	$ 2,297	$ 344,545	$ -
				1997 B	16,900,488	902,590	-	17,803,078
				2006 B	2,791,211	253,904	-	3,045,115
				2006 C	2,449,982	259,502	-	2,709,484
					$ 22,483,929	$ 1,418,293	$ 344,545	$ 23,557,677

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

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

Fiscal Year	Principal	Interest	Total
2019-2020	$ 3,515,000	$ 2,290,906	$ 5,805,906
2020-2021	3,910,000	2,101,419	6,011,419
2021-2022	4,430,000	1,886,294	6,316,294
2022-2023	4,990,000	1,640,987	6,630,987
2023-2024	2,816,445	3,981,849	6,798,294
2024-2029	18,937,466	20,318,546	39,256,012
2029-2034	12,881,013	36,403,751	49,284,764
2034-2038	8,227,593	16,362,958	24,590,551
	$ 59,707,517	$ 84,986,710	$ 144,694,227

B. Certificates of Participation

On March 1, 1998 the Monrovia Unified School District Financing Corporation issued certificates of participation in the amount of $3,200,000 to provide funds for the costs of acquiring certain real property and improvements for use as a continuation education and adult education center. The certificates consist of: (a) certificates of $1,000,000 having stated interest rates ranging from 3.85% to 4.95% and fully maturing on April 1, 2012; and (b) term certificates with a stated interest rate of 5.3% and fully maturing on April 1, 2026. In November 2011, through a private placement refunding, the District refinanced the 1998 certificates through the issuance of the 2011 Refinancing Certificates of Participation. The 2011 certificates were issued with an interest rate of 3.3% and mature on April 1, 2025. The principal balance outstanding on the 2011 certificates was $1,195,000 as of June 30, 2019.

The annual requirements to amortize all certificates are as follows:

Fiscal Year	Principal	Interest	Total
2019-2020	$ 185,000	$ 37,868	$ 222,868
2020-2021	190,000	31,680	221,680
2021-2022	195,000	25,410	220,410
2022-2023	200,000	18,976	218,976
2023-2024	210,000	12,210	222,210
2024-2025	215,000	5,280	220,280
Total	$ 1,195,000	$ 131,424	$ 1,326,424

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

C. Supplemental Early Retirement Plan

The District has established a supplemental early retirement program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2019, for these obligations are shown below.

Fiscal Year	Payment
2019-2020	$ 304,409
2020-2021	304,409
2021-2022	304,410
Total	$ 913,228

D. Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District did not offer any retiree benefits other than pensions, but reported a net OPEB liability related to the Medicare Premium Payment Program.

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/actuarial-financial-and-investor-information.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. The MPP Program is closed to new entrants as members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2018, 5,984 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with California Education Code section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability
At June 30, 2019, the District reported a liability of $314,595 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2018, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	Change Increase/ (Decrease)
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net OPEB Liability	0.082189%	0.086478%	-0.004289%

For the year ended June 30, 2019, the District reported OPEB expense of $(49,225).

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2018
Valuation Date	June 30, 2017
Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.87%
Healthcare Cost Trend Rates	3.70% for Medicare Part A, and 4.10% for Medicare Part B

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)
In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459, or an average of 0.27 percent of the potentially eligible population (171,593).

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate
The discount rate used to measure the total OPEB liability was 3.87%. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is The Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	MPP OPEB Liability
1% decrease (2.87%)	$ 347,957
Current discount rate (3.87%)	$ 314,595
1% increase (4.87%)	$ 284,470

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

D. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Medicare costs trend rates
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 286,878
Current rate (3.7% Part A and 4.1% Part B)	$ 314,595
1% increase (4.7% Part A and 5.1% Part B)	$ 344,402

NOTE 8 – PENSION PLANS

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

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 48,035,162	$ 12,182,603	$ 4,163,029	$ 12,284,380
CalPERS	21,084,235	5,633,310	898,575	4,050,707
Total	$ 69,119,397	$ 17,815,913	$ 5,061,604	$ 16,335,087

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description
The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/actuarial-financial-and-investor-information.

NOTE 8 – PENSION PLANS (continued)

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

Benefits Provided
The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. 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 of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.28%	16.28%
Required State Contribution Rate	9.828%	9.828%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period.

The contribution rates for each program for the year ended June 30, 2019, are presented above and the District's total contributions were $4,571,256.

NOTE 8 – PENSION PLANS (continued)

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

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

District's proportionate share of net pension liability	$	48,035,162
State's proportionate share of the net pension liability associated with the District		27,502,377
Total	$	75,537,539

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2019	**Fiscal Year Ending June 30, 2018**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net Pension Liability	0.052265%	0.054334%	-0.002069%

For the year ended June 30, 2019, the District recognized pension expense of $12,284,380. In addition, the District recognized pension expense and revenue of $937,825 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,571,256	$ -
Net change in proportionate share of net pension liability	-	1,615,634
Difference between projected and actual earnings on pension plan investments	-	1,849,657
Changes of assumptions	7,462,392	-
Differences between expected and actual experience	148,955	697,738
Total	$ 12,182,603	$ 4,163,029

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,528,410
2021	834,854
2022	(427,345)
2023	817,606
2024	1,153,386
Thereafter	(458,592)
Total	$ 3,448,318

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

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

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

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

For each future valuation, CalSTRS' consulting actuary 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:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 70,365,892
Current discount rate (7.10%)	48,035,162
1% increase (8.10%)	29,520,821

NOTE 8 – PENSION PLANS (continued)

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions of $2,246,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $4,384,674.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.50%
Required Employer Contribution Rate	18.062%	18.062%

NOTE 8 – PENSION PLANS (continued)

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

Contributions
Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the 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. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $1,972,999.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $21,084,235. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2019	**Fiscal Year Ending June 30, 2018**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2018	June 30, 2017	
Proportion of the Net Pension Liability	0.079076%	0.080287%	-0.001211%

For the year ended June 30, 2019, the District recognized pension expense of $4,050,707. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,972,999	$ -
Net change in proportionate share of net pension liability	-	898,575
Difference between projected and actual earnings on pension plan investments	172,938	-
Changes of assumptions	2,105,168	-
Differences between expected and actual experience	1,382,205	-
Total	$ 5,633,310	$ 898,575

NOTE 8 – PENSION PLANS (continued)

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

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4 years.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,908,293
2021	1,306,082
2022	(270,737)
2023	(181,902)
2024	-
Thereafter	-
Total	$ 2,761,736

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.75%
Wage Growth	Varies by entry age and service

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

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administration expenses.

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

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 the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Liability
1% decrease (6.15%)	$ 30,697,637
Current discount rate (7.15%)	21,084,235
1% increase (8.15%)	13,108,541

On-Behalf Payments
The State of California normally makes no contributions to CalPERS on behalf of the District. However, for the 2018-19 fiscal year, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated contributions of $904,000,000. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $714,850.

NOTE 8 – PENSION PLANS (continued)

C. Payables to the Pension Plans

At June 30, 2019, the District reported payables of $558,767 and $27,157 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2019.

NOTE 9 – JOINT POWERS AGREEMENTS

The Monrovia Unified School District is a member of the Alliance of Schools for Cooperative Insurance Programs ("ASCIP") public entity risk pool. The District pays an annual premium to the entity for its workers' compensation and property liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entity and the District are included in these statements. Audited financial statements are generally available from the entity.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

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

B. Construction Commitments

As of June 30, 2019, the District had commitments with respect to unfinished capital projects of $497,713.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2019.

NOTE 11 – RISK MANAGEMENT

Workers' Compensation
For fiscal year 2018-19, the District participated in the ASCIP public entity risk pool for workers' compensation. The intent of ASCIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in ASCIP. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in ASCIP. Each participant pays its workers' compensation premium based on an actuarial study.

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits
For the fiscal year ending June 30, 2019, the District has contracted with the Aetna Health Care, Kaiser Permanente, Delta Care, SafeGuard, and VSP to provide employee health benefits.

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Required Supplementary Information

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MONROVIA UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF sources	$ 50,721,922	$ 50,889,820	$ 50,889,819	$ (1)
Federal sources	3,243,402	3,002,757	3,002,757	-
Other state sources	5,459,319	7,696,028	8,673,145	977,117
Other local sources	4,838,019	5,260,005	5,260,005	-
Total Revenues	64,262,662	66,848,610	67,825,726	977,116
Expenditures				
Current:				
Certificated salaries	26,300,569	27,330,404	27,330,404	-
Classified salaries	10,811,238	10,931,927	10,931,928	(1)
Employee benefits	15,436,031	18,512,103	19,489,220	(977,117)
Books and supplies	1,821,017	1,820,947	1,820,947	-
Services and other operating expenditures	7,615,054	8,611,794	8,611,793	1
Capital outlay	401,900	1,728,749	1,728,749	-
Intergovernmental	445,956	466,595	466,594	1
Total Expenditures	62,831,765	69,402,519	70,379,635	(977,116)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,430,897	(2,553,909)	(2,553,909)	-
Other Financing Sources and Uses				
Interfund transfers out	(206,951)	(206,913)	(206,913)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,223,946	(2,760,822)	(2,760,822)	-
Fund Balance, July 1, 2018	10,752,081	11,874,072	11,874,072	-
Fund Balance, June 30, 2019	$ 11,976,027	$ 9,113,250	$ 9,113,250	$ -

The actual amounts reported in this schedule include an additional $1,084,898 recorded as State revenue and employee benefits expenditures for the STRS and PERS On-Behalf contributions, but which were not included in the budget.

MONROVIA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2019

*Last Ten Fiscal Years**

	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS					
District's proportion of the net pension liability	0.0523%	0.0543%	0.0542%	0.0556%	0.0540%
District's proportionate share of the net pension liability	$ 48,035,162	$ 50,248,289	$ 43,829,672	$ 37,398,482	$ 31,555,980
State's proportionate share of the net pension liability associated with the District	27,502,377	29,726,384	24,955,124	19,779,621	19,055,054
Totals	$ 75,537,539	$ 79,974,673	$ 68,784,796	$ 57,178,103	$ 50,611,034
District's covered-employee payroll	$ 28,381,483	$ 28,695,175	$ 27,411,007	$ 25,627,624	$ 24,951,867
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.25%	175.11%	159.90%	145.93%	126.47%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
CalPERS					
District's proportion of the net pension liability	0.0791%	0.0803%	0.0848%	0.0871%	0.0854%
District's proportionate share of the net pension liability	$ 21,084,235	$ 19,166,574	$ 16,735,504	$ 12,837,152	$ 9,694,979
District's covered-employee payroll	$ 10,644,447	$ 10,238,105	$ 10,155,449	$ 9,728,027	$ 9,093,515
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.08%	187.21%	164.79%	131.96%	106.61%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

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

MONROVIA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2019

*Last Ten Fiscal Years**

	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS					
Contractually required contribution	$ 4,571,256	$ 4,095,448	$ 3,609,853	$ 2,941,201	$ 2,275,733
Contributions in relation to the contractually required contribution	4,571,256	4,095,448	3,609,853	2,941,201	2,275,733
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 28,078,969	$ 28,381,483	$ 28,695,175	$ 27,411,007	$ 25,627,624
Contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS					
Contractually required contribution	$ 1,972,999	$ 1,653,189	$ 1,421,868	$ 1,203,116	$ 1,145,086
Contributions in relation to the contractually required contribution	1,972,999	1,653,189	1,421,868	1,203,116	1,145,086
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 10,923,481	$ 10,644,447	$ 10,238,105	$ 10,155,449	$ 9,728,027
Contributions as a percentage of covered-employee payroll	18.062%	15.531%	13.888%	11.847%	11.771%

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

MONROVIA UNIFIED SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

For the Fiscal Year Ended June 30, 2019

	2018	2017
District's proportion of net OPEB liability	0.0822%	0.0865%
District's proportionate share of net OPEB liability	$ 314,595	$ 363,820
Covered-employee payroll	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	0.40%	0.01%

Notes to Schedule:

As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

> ***Change in benefit terms*** – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
>
> ***Change of assumptions*** **-** In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

> ***Change in benefit terms*** – There were no changes in benefit terms since the previous valuation.
>
> ***Change of assumptions*** – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

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Supplementary Information

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The Monrovia Unified School District (the "District") was established July 1, 1961 and consists of an area of approximately 13 square miles in East Central Los Angeles County, serving the City of Monrovia as well as small portions of the Cities of Arcadia and Irwindale and some unincorporated areas of the County. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating five elementary schools, two middle schools, one high school, one continuation high school, one independent study school, and one community day school. The District also operates facilities for pre-school children, a child development center, and an adult education center.

BOARD OF EDUCATION

Member	Office	Term Expires
Ed Gililland	President	November, 2022
Rob Hammond	Vice President	November, 2020
Bryan J. Wong	Clerk	November, 2020
Maritza Travanti	Member	November, 2022
Selene Lockerbie	Member	November, 2022

DISTRICT ADMINISTRATORS

Katherine Thorossian, Ed.D.,
Superintendent

Darvin Jackson, Ed.D.,
Assistant Superintendent, Human Resources

Sue Kaiser, Ed.D.,
Assistant Superintendent, Educational Services

Connie Wu, CPA,
Assistant Superintendent, Business Services

MONROVIA UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2019

	Second Period Report Certificate No. (073528DF)	Annual Report Certificate No. (CE37059F)
Regular ADA:		
TK/Grades K-3	1,558.73	1,556.00
Grades 4-6	1,179.70	1,176.85
Grades 7-8	762.16	761.42
Grades 9-12	1,638.15	1,635.03
Total Regular ADA	5,138.74	5,129.30
Special Education, Nonpublic, Nonsectarian Schools:		
TK/Grades K-3	0.62	0.83
Grades 4-6	3.81	3.96
Grades 7-8	3.55	3.69
Grades 9-12	11.85	11.66
Total Special Education, Nonpublic, Nonsectarian Schools	19.83	20.14
Total ADA	5,158.57	5,149.44

MONROVIA UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2019

Grade Level	Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	48,720	180	Complied
Grade 1	50,400	51,085	180	Complied
Grade 2	50,400	51,085	180	Complied
Grade 3	50,400	51,085	180	Complied
Grade 4	54,000	55,750	180	Complied
Grade 5	54,000	55,750	180	Complied
Grade 6	54,000	61,314	180	Complied
Grade 7	54,000	61,314	180	Complied
Grade 8	54,000	61,314	180	Complied
Grade 9	64,800	65,548	180	Complied
Grade 10	64,800	65,463	180	Complied
Grade 11	64,800	65,463	180	Complied
Grade 12	64,800	65,463	180	Complied

MONROVIA UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2019

General Fund	(Budget) 2020 [2]	2019	2018	2017
Revenues and other financing sources	$ 65,444,441	$ 67,825,726	$ 64,611,785	$ 66,035,710
Expenditures	66,200,788	70,379,635	66,790,228	66,584,599
Other uses and transfers out	208,425	206,913	73,018	70,842
Total outgo	66,409,213	70,586,548	66,863,246	66,655,441
Change in fund balance (deficit)	(964,772)	(2,760,822)	(2,251,461)	(619,731)
Ending fund balance	$ 8,148,478	$ 9,113,250	$ 11,874,072	$ 14,125,533
Available reserves [1]	$ 6,762,647	$ 7,644,695	$ 8,473,380	$ 10,236,316
Available reserves as a percentage of total outgo	10.2%	10.8%	12.7%	15.4%
Total long-term debt	$ 157,986,967	$ 159,809,898	$ 162,484,761	$ 154,669,557
Average daily attendance at P-2	5,079	5,159	5,292	5,360

The General Fund balance has decreased by $5,012,283 over the past two years. The fiscal year 2019-20 revised budget projects a decrease of $964,772. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in each of the past three years, and anticipates incurring an operating deficit during the 2019-20 fiscal year. Long-term debt has increased by $5,140,341 over the past two years.

Average daily attendance has decreased by 201 over the past two years. A decrease of 80 ADA is anticipated during fiscal year 2019-20.

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

[2] Revised Budget September, 2019.

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

MONROVIA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditure	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
Especially Needy Breakfast	10.553	13526	$ 368,744	
National School Lunch Program	10.555	13523	1,313,015	
USDA - Donated Foods	10.555	N/A	144,099	
Subtotal Child Nutrition Cluster				$ 1,825,858
Child and Adult Care Food Program	10.558	13393	422,375	
Cash in Lieu of Commodities	10.558	13389	25,737	
Subtotal Child and Adult Care Food Program				448,112
Total U.S. Department of Agriculture				2,273,970
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education (ABE):				
Adult Basic Education & ESL	84.002A	14508	213,370	
Adult Secondary Education	84.002	13978	38,500	
English Literacy & Civics Education	84.002A	14109	103,740	
Subtotal Adult Basic Education Cluster				355,610
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies Cluster:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,070,882	
School Improvement Funding for LEAs	84.010	15438	137,203	
Subtotal Title I Grants Cluster				1,208,085
Title II, Part A, Supporting Effective Instruction	84.367	14341		141,852
English Language Acquisition Cluster:				
Title III, Limited English Proficient (LEP) Program	84.365	14346	53,057	
Title III, Immigrant Education Program	84.365	15146	27	
Subtotal English Language Acquisition Cluster				53,084
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396		9,485
Vocational & Applied Tech Secondary II, Carl Perkins Act	84.048	14894		43,389
Workability II, Transitions Partnership Program	84.126	10006		100,837
Passed through SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster:				
Basic Local Assistance Entitlement, Part B	84.027	13379	1,002,691	
Preschool Grants, Part B	84.173	13430	30,909	
Mental Health Allocation Plan, Part B	84.027	15197	59,446	
Preschool Staff Development, Part B	84.173A	13431	316	
Subtotal Special Education (IDEA) Cluster				1,093,362
Total U.S. Department of Education				3,005,704
U.S. Department of Health & Human Services:				
Medicaid Cluster:				
Medi-Cal Billing Option	93.778	10013	396,626	
Medi-Cal Administrative Activities (MAA)	93.778	10060	276,106	
Subtotal Medicaid Cluster				672,732
Total U.S. Department of Health & Human Services				672,732
Total Expenditures of Federal Awards				$ 5,952,406

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

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has met its LCFF target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the Education Code.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2019.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances (Governmental & Proprietary)		$ 5,827,854
Differences between Federal Revenues and Expenditures:		
Build America Bonds - interest subsidy	Not applicable	(195,516)
Medi-Cal Billing Option	93.778	320,068
Total Schedule of Expenditures of Federal Awards		$ 5,952,406

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Other Independent Auditors' Reports

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

Board of Education
Monrovia Unified School District
Monrovia, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monrovia Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Monrovia Unified School District's basic financial statements, and have issued our report thereon dated November 19, 2019.

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

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

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

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Monrovia Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
November 19, 2019

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

Board of Education
Monrovia Unified School District
Monrovia, California

Report on Compliance for Each Major Federal Program
We have audited Monrovia Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Monrovia Unified School District's major federal programs for the year ended June 30, 2019. Monrovia Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, Monrovia Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2019-001 that we consider to be a significant deficiency.

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

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.

Nigro & Nigro, PC

Murrieta, California
November 19, 2019

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Monrovia Unified School District
Monrovia, California

Report on State Compliance
We have audited Monrovia Unified School District's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Monrovia Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2019.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Monrovia Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Monrovia Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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Description	Procedures Performed
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	Yes
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	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
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

We did not perform testing for independent study because the ADA was under the level that requires testing.

Unmodified Opinion on Compliance with State Programs
In our opinion, Monrovia Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Nigro & Nigro, PC

Murrieta, California
November 19, 2019

Findings and Questioned Costs

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516	Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster (IDEA)
93.778	Medical Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Awards

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

SECTION II - FINANCIAL STATEMENT FINDINGS

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

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2018-19.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

Finding 2019-001: Procurement Policy (30000, 50000)

CFDA# 84.027, 84.173 — U.S. Department of Education, California Department of Education, Individuals with Disabilities Education Act (IDEA) Special Education Cluster

Criteria: Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR part 200.

Condition: The District's written procurement and purchasing procedures and board policies do not reflect the requirements identified in 2 CFR part 200.

Questioned Cost: N/A

Context: N/A

Effect: Failure to adopt a clear written policy that conforms to applicable Federal statutes and the procurement requirements could lead to a lack of control over procurement transactions.

Cause: The District was unaware of the requirement to maintain a documented policy that conforms to applicable Federal statutes and the procurement requirements.

Recommendation: We recommend that the District update the written policy to reflect applicable state, local, and Federal statutes and the procurement requirements identified in 2 CFR part 200. In addition, it is recommended that the District update the detailed administrative regulation or procedures manual addressing the mandated components.

Views of Responsible Officials: The District will update its written purchasing policy to incorporate requirements identified in the Uniform Guidance.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

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

There were no state award findings or questioned costs in 2018-19.

There were no findings or questioned costs in 2017-18.

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To the Board of Education
Monrovia Unified School District
Monrovia, California

In planning and performing our audit of the basic financial statements of Monrovia Unified School District for the year ending June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 19, 2019, on the financial statements of Monrovia Unified School District.

ATTENDANCE

Observation: In reviewing attendance procedures, we noted that teachers were not consistently certifying their reported attendance on a weekly basis. We noted two or more such exceptions at three different schools. When teachers are taking online attendance, the rosters are required to be printed out and signed by the teacher on a weekly basis to indicate their review and agreement of the attendance reported. We found no misstated ADA as a result of this deficiency.

> ***Recommendation:*** We recommend that the rosters be signed and dated on a weekly basis by all teachers as required by CDE to create a valid contemporaneous attendance record.

ASSOCIATED STUDENT BODY (ASB) FUNDS

***Observation*:** In our testing of cash receipts, we found that 3 of the 16 cumulative deposits tested lacked sufficient supporting documentation. Without sufficient supporting documentation, we could not verify that all cash collected had been deposited intact and into the correct ASB account. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for.

> ***Recommendation:*** We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.

***Observation*:** In our testing of cash receipts, we also found that 3 of the 16 cumulative receipts tested were not deposited in a timely manner.

> ***Recommendation:*** We recommend that the site emphasize to the advisors and teachers that deposits should be made to the bookkeeper on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because thefts often occur during these times.

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ASSOCIATED STUDENT BODY (ASB) FUNDS (continued)

Observation: In our test of cash disbursements at Monrovia High, we noted that 5 of 25 disbursements selected in our sample were not approved by the District representative, the ASB advisor, and/or the student representative until after the expenditures had already been incurred, and an additional six had open purchases orders with no stated amounts. At Santa Fe Middle we noted that 3 of 17 disbursements were not pre-approved.

> ***Recommendation:*** Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a "best practice", approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines.

DISTRICT OFFICE

***Observation*:** During our testing of cash disbursements at the District office, it was noted that 10 of 62 expenditures tested were not pre-approved, and three credit card purchases had no supervisor signature.

> ***Recommendation:*** We recommend that all expenditures be pre-approved in accordance with district procedures. Furthermore, the District needs to take measure to ensure adherence to the established credit card policies, that approvals are obtained in advance, and that appropriate supporting documentation is provided for all credit card purchases. Finally, best practices dictate that the number of credit cards issued to employees be kept to a minimum.

***Observation*:** The District does not have procedures in place to periodically perform a physical inventory of fixed assets. Education Code section 35168 and federal guidelines require that school districts maintain a physical inventory of equipment, and best practices dictate that a periodic physical inventory be taken to ensure that all assets are properly accounted for.

> ***Recommendation:*** We recommend that the District either perform a physical inspection of fixed assets or contract with an outside vendor to perform an inspection.

***Observation*:** We noted that the Payroll Clearance Fund and bank reconciliations for the District general clearing account, Cafeteria clearing account, and revolving accounts had not been completed for several months. An employee in the Business office who was responsible for reconciling the Payroll Clearance Fund and bank reconciliations resigned in February and no one else assumed that responsibility until only recently. Without Payroll Clearance Fund reconciliations and adequate internal controls and proper segregation of duties over the bank reconciliations, the District is susceptible to fraud and misappropriation of assets.

> ***Recommendation:*** We recommend that the District assign the tasks of reconciling the Payroll Clearance Fund and bank statements to an employee in the Business Office, and that the accounts are reconciled within two weeks of receiving the bank statements.

***Observation*:** In the adult education program, one employee deposits the cash collections and also reconciles the bank account. These reconciliations are only reviewed quarterly. Without adequate internal controls and proper segregation of duties over the cash receipts at the adult school, disbursements, and bank reconciliations, the District is susceptible to fraud and misappropriation of assets.

> ***Recommendation:*** We recommend that the District implement internal control procedures to ensure that adequate separation of duties is achieved. At a minimum, another employee should be assigned the responsibility of reconciling the bank statements to the accounting records.

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

Nigro & Nigro, PC

Murrieta, California
November 19, 2019