



Financial Statements  
June 30, 2020

## Calaveras Unified School District

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## Independent Auditor's Report

Board of Trustees  
Calaveras Unified School District  
San Andreas, California

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calaveras Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 9, 2021, on our consideration of Calaveras Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Calaveras Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Calaveras Unified School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
February 9, 2021



The discussion and analysis of Calaveras Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020, with comparative information for the year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's Financial Statements, and notes to Financial Statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

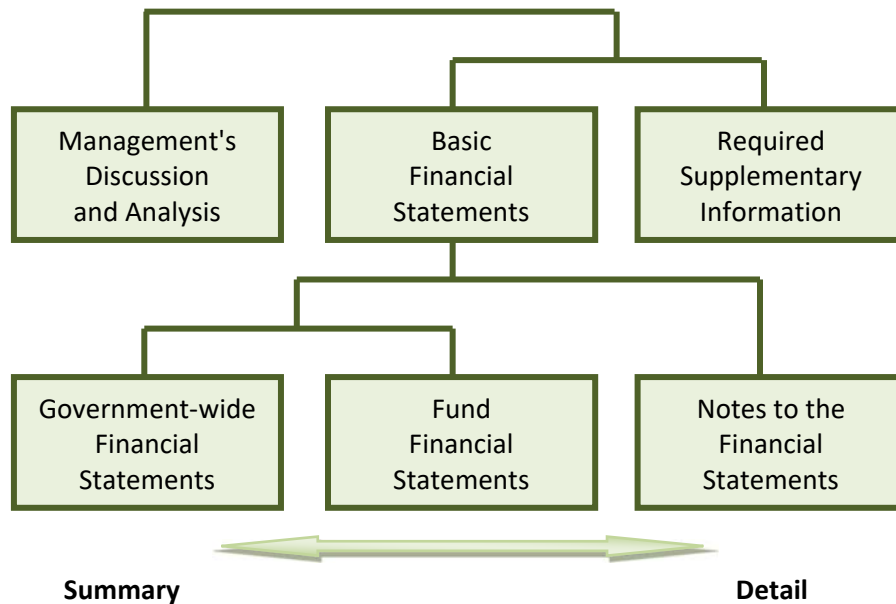
### **Financial Highlights**

- Total government-wide revenue for the 2019-2020 fiscal year was \$41.1 million, an increase of 8.3% over 2018-2019. A significant portion of the increase is money received from levied property taxes which totaled \$24.4 million in 2019-2020, an increase of \$1.9 million, compared to 2018-2019. Government-wide expenditures totaled \$41.63 million in 2019-2020 and \$41.56 million in 2018-2019.
- In accordance with GASB 34, capital assets were valued at historical cost. The total of the District's capital assets, land, site, buildings, and equipment, valued on an acquisition cost basis, was \$85.3 million. After depreciation, the June 30, 2020, book value for capital assets totaled \$30.9 million. See Table 3 later in this discussion. Capital assets, net of related debt, total \$8.6 million.
- In complying with GASB 68, the District recognized its portion of the unfunded California State Teachers' Retirement System (STRS) and California Public Employees' System (PERS) pension liabilities for the first time in 2014-2015. These liabilities are based on the most recent actuarial valuations. The District's portion of the unfunded STRS and PERS pension liability increased to \$31.7 million in 2019-2020 and is reported in the Statement of Net Position.
- In complying with GASB 75, the District restated its beginning Other Postemployment Benefit (OPEB) liabilities, resulting in a \$10.4 million decrease in its net position at July 1, 2017. These liabilities are based on the most recent actuarial valuations. The District's unfunded total OPEB liability remain unchanged at \$9.4 million in 2019-2020 from 2018-2019 and is reported in the Statement of Net Position.

### **Overview of the Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Calaveras Unified School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

### Components of the Financial Section



The first two statements are district-wide financial statements, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's General Fund budget is included.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

### Reporting the District as a Whole

#### *Statement of Net Position and the Statement of Activities*

These two statements provide 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 using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2019-2020?".



These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

### **Reporting the District's Most Significant Funds**

#### *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 to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

- **Governmental Funds**

Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund and Bond Interest and Redemption Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- **Fiduciary Funds**

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Financial Analysis of the Government-Wide Statements

### *The School District as a Whole*

The District's net position had a deficit of \$31.4 million at June 30, 2020. The unrestricted deficit is \$46.2 million. Net investment in capital assets account for \$8.6 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

**Table 1**  
**Comparative Statement of Net Position**

	Governmental Activities		
	2020	2019	Changes
<b>Assets</b>			
Cash and investment	\$ 8,186,564	\$ 6,568,156	\$ 1,618,408
Accounts receivable	1,382,295	1,460,128	(77,833)
Current and other assets	549,623	506,508	43,115
Capital assets	30,939,342	33,370,896	(2,431,554)
Total assets	41,057,824	41,905,688	(847,864)
Deferred outflows of resources	9,573,473	10,333,356	(759,883)
<b>Liabilities</b>			
Accounts payable and other current liabilities	974,432	1,084,861	(110,429)
Unearned revenue	161,716	87,277	74,439
Long-term liabilities	75,509,223	78,222,736	(2,713,513)
Total liabilities	76,645,371	79,394,874	(2,749,503)
Deferred inflows of resources	5,355,844	3,716,690	1,639,154
<b>Net Position</b>			
Net investment in capital assets	8,610,713	9,316,401	(705,688)
Restricted	6,178,553	1,112,076	5,066,477
Unrestricted	(46,159,184)	(41,300,997)	(4,858,187)
Total net position	\$ (31,369,918)	\$ (30,872,520)	\$ (497,398)

### Changes in Net Position

The District's net position decreased \$0.5 million this fiscal year (see Table 2). The District's expenses for instructional and pupil services represented 65% of total expenses. The purely administrative activities of the District accounted for just 7% of total costs. The remaining 28% was spent in the areas of plant services and other expenses, pupil support service and other outgo. (see Figure 2).

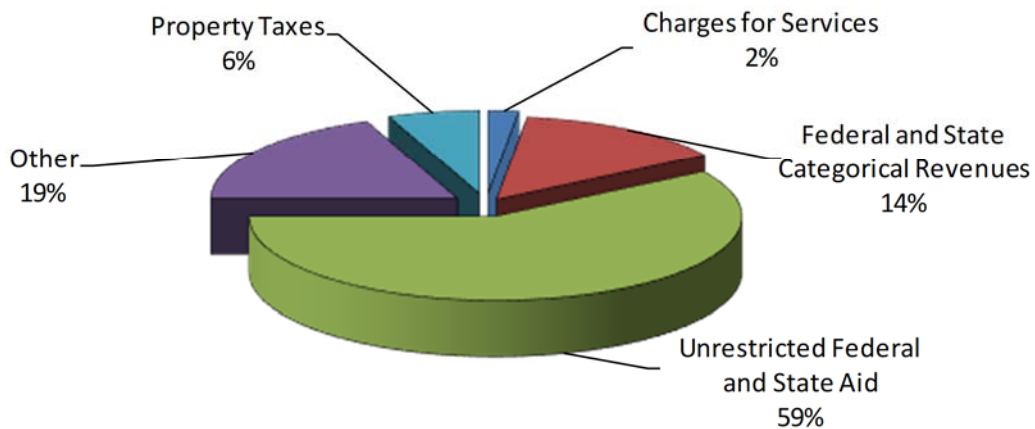
**Table 2**  
**Comparative Statement of Change in Net Position**

	Governmental Activities		
	2020	2019	Changes
Revenues			
Program revenues	\$ 6,328,161	\$ 6,191,122	\$ 137,039
General revenues			
Property taxes, levied for general purposes	20,581,474	19,815,471	766,003
Property taxes, levied for debt service	3,839,723	2,737,675	1,102,048
Federal and State aid not restricted to specific purposes	7,743,820	7,598,155	145,665
Interest and investment earnings	164,597	76,807	87,790
Interagency revenues	112,758	154,447	(41,689)
Miscellaneous	2,363,721	999,292	1,364,429
Total revenues	<u>41,134,254</u>	<u>37,572,969</u>	<u>3,561,285</u>
Expenses			
Instruction-related	26,909,860	26,940,530	(30,670)
Pupil services	6,021,483	5,060,353	961,130
Administration	2,575,803	2,867,508	(291,705)
Plant services	3,108,774	3,463,539	(354,765)
Other	3,015,732	3,226,690	(210,958)
Total expenses	<u>41,631,652</u>	<u>41,558,620</u>	<u>73,032</u>
Change in net position	<u>\$ (497,398)</u>	<u>\$ (3,985,651)</u>	<u>\$ 3,488,253</u>

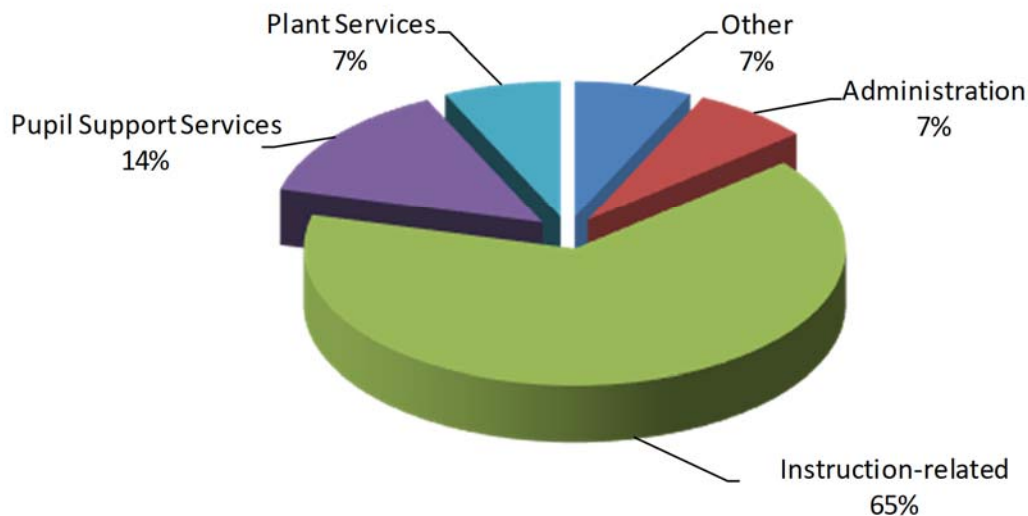
### Governmental Activities

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$41.6 million. The amount that our local taxpayers financed for these activities through property taxes was \$24.4 million. Federal and State aid not restricted to specific purposes totaled \$7.7 million. State and Federal categorical revenue totaled \$6.4 million, or 14% of the revenue of the entire District. (see Figure 1).

**Sources of Revenue for the 2019-2020 Fiscal Year**  
**Figure 1**



**Expenses for the 2019-2020 Fiscal Year**  
**Figure 2**



## **Financial Analysis of the Fund Statements**

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources.

The District's governmental funds reported a combined fund balance of \$9.2 million, an increase of \$1.6 million from the previous fiscal year's combined ending balance of \$7.6 million. The General Fund balance increased \$0.2 million to \$3.4 million.

## **General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on May 5, 2020. Over the course of the year, the District revised the annual operating budget. The significant budget adjustments fell into the following categories:

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

The final revised budget for the General Fund (including the Deferred Maintenance Fund) reflected a net decrease to the ending balance of \$0.5 million. The District ended the year with \$3.4 million in the General Fund ending balance, of which \$2.5 million is unassigned. The remaining balance is made up of nonspendable, restricted and assigned fund balances. The State recommends an ending reserve for economic uncertainties of 4% of total General Fund expenditures and other financing uses.

The District's requirement for 2019-2020, was \$1.3 million. The District was able to meet this requirement.

## **Capital Asset and Debt Administration**

### **Capital Assets**

By the end of the 2019-2020 fiscal year, the District had invested \$85.3 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, and equipment. The capital assets net of depreciation was \$30.9 million at June 30, 2020, which is a decrease of \$2.4 million from the previous year.

**Table 3**  
**Comparative Schedule of Capital Assets**  
**(net of depreciation)**  
**June 30, 2020 and 2019**

	Governmental Activities		
	2020	2019	Changes
Land and construction in progress	\$ 1,679,925	\$ 1,679,925	\$ -
Buildings and improvements	27,680,447	29,780,779	(2,100,332)
Equipment	1,578,970	1,910,192	(331,222)
<b>Total</b>	<b>\$ 30,939,342</b>	<b>\$ 33,370,896</b>	<b>\$ (2,431,554)</b>

The additions include CHS teacher's lounge conversion for food service, planning grant study for waste water treatment plants at JLE and TMS, food service project at CHS/Demo and removal of cinder block wall, CHS food service room sidewalk patio grade improvement, new 2019 F250 truck for maintenance department and backstop repair.

#### Long-Term Debt

At June 30, 2020, the District had \$75.5 million in long-term debt outstanding.

**Table 4**  
**Comparative Schedule of Outstanding Debt**  
**June 30, 2020 and 2019**

	Governmental Activities		
	2020	2019	Changes
Long-Term Liabilities			
General obligation bonds	\$ 16,994,709	\$ 19,553,068	(2,558,359)
General obligation accretion	11,639,329	11,298,236	341,093
Certificates of participation	3,707,783	4,127,783	(420,000)
Certificates of participation accretion	620,284	568,041	52,243
Unamortized premiums/(discounts)	1,124,897	-	1,124,897
Capital leases	256,129	373,644	(117,515)
Compensated absences	122,554	109,461	13,093
Total OPEB liability	9,367,690	9,401,706	(34,016)
Aggregate net pension liability	31,675,848	32,790,797	(1,114,949)
<b>Total</b>	<b>\$ 75,509,223</b>	<b>\$ 78,222,736</b>	<b>\$ (2,713,513)</b>

The long-term debt other than OPEB and pension paid by the District was approximately \$14 million in 2019-2020. Interest accrual on capital appreciation debt was \$0.7 million. During the year the District also issued \$10,485,000 refunding bonds to refund, on a current basis, \$9,870,000 of 2006 election series 2007 and \$2,990,000 of 1997 election series 2009.

### **Factors Bearing on the District's Future**

Since 2002, the District has experienced a decline in enrollment and anticipating the decline to continue at approximately 2% each year. It is unable to determine, at this time, when it may level out. The impact of COVID-19 on our enrollment has yet to be definitively determined, but we do not project any growth, or even flattening out, of enrollment next year. The ability to balance the program needs with the fiscal realities we face is a definite factor in our financial future.

The increase in expenditures in the areas of STRS/PERS contributions, step and column and Special Education are all areas of fiscal concern as they respectively continue to increase in impact every year.

Another area bearing on the district's future is lack of facility funds. Once the money in Fund 14, Deferred Maintenance, is fully expended, the district has no other funds set aside specific to its facility needs. If an emergency repair arises for one of its facilities, the funds would need to come out of the district's general fund.

Future predictions and uncertainties with Federal and State funding formulas and declining enrollment require management to plan carefully and prudently to provide the necessary resources to meet student's needs and continue to keep pace with inflation, and other externally imposed increases over the next several years.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chief Business Officer, Mary Rose Rutikanga, Calaveras Unified School District, P.O. Box 788, San Andreas, California 95249, or email [mrutikanga@calaveras.k12.ca.us](mailto:mrutikanga@calaveras.k12.ca.us).

Calaveras Unified School District  
Statement of Net Position  
June 30, 2020

	Governmental Activities
Assets	
Deposits and investments	\$ 8,186,564
Receivables	1,382,295
Prepaid items	485,159
Stores inventories	64,464
Capital assets not depreciated	1,679,925
Capital assets, net of accumulated depreciation	29,259,417
Total assets	41,057,824
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	1,514,769
Deferred outflows of resources related to pensions	8,058,704
Total deferred outflows of resources	9,573,473
Liabilities	
Accounts payable	763,575
Interest payable	210,857
Unearned revenue	161,716
Long-term liabilities	
Long-term liabilities other than OPEB and Pensions	
Due within one year	2,577,735
Due in more than one year	31,887,950
Total other postemployment benefits liabilities (OPEB)	9,367,690
Aggregate net pension liabilities	31,675,848
Total liabilities	76,645,371
Deferred Inflows of Resources	
Deferred gains on refunding	245,111
Deferred inflows of resources related to OPEB	654,439
Deferred inflows of resources related to pensions	4,456,294
Total deferred inflows of resources	5,355,844
Net Position	
Net investment in capital assets	8,610,713
Restricted for	
Debt service	5,440,831
Capital projects	247,746
Educational programs	425,512
Food Service	64,464
Unrestricted	(46,159,184)
Total net position	\$ (31,369,918)



Calaveras Unified School District

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 23,241,614	\$ 123,178	\$ 2,779,573	\$ (20,338,863)
Instruction-related activities				
Supervision of instruction	525,134	7,579	257,849	(259,706)
Instructional library, media, and technology	580,596	-	20,339	(560,257)
School site administration	2,562,516	-	118,198	(2,444,318)
Pupil services				
Home-to-school transportation	3,267,803	388,428	935,515	(1,943,860)
Food services	1,486,319	58,011	1,053,346	(374,962)
All other pupil services	1,267,361	-	121,467	(1,145,894)
Administration				
Data processing	471,980	-	13,284	(458,696)
All other administration	2,103,823	2,921	159,447	(1,941,455)
Plant services	3,108,774	88	31,349	(3,077,337)
Ancillary services	217,899	-	9,195	(208,704)
Community services	227,257	-	-	(227,257)
Interest on long-term liabilities	1,825,043	-	-	(1,825,043)
Other outgo	745,533	72,748	175,646	(497,139)
Total primary government	<u>\$ 41,631,652</u>	<u>\$ 652,953</u>	<u>\$ 5,675,208</u>	<u>(35,303,491)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				20,581,474
Property taxes, levied for debt service				3,839,723
Federal and State aid not restricted to specific purposes				7,743,820
Interest and investment earnings				164,597
Interagency revenues				112,758
Miscellaneous				<u>2,363,721</u>
Total general revenues and transfers				<u>34,806,093</u>
Change in Net Position				(497,398)
Net Position - Beginning				<u>(30,872,520)</u>
Net Position - Ending				<u><u>\$ (31,369,918)</u></u>

# Calaveras Unified School District

## Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 2,839,791	\$ 28,634	\$ 4,541,412	\$ 776,727	\$ 8,186,564
Receivables	1,019,393	119,739	-	243,163	1,382,295
Due from other funds	161,124	-	-	16,406	177,530
Prepaid expenditures	235,000	-	-	250,159	485,159
Stores inventories	-	64,464	-	-	64,464
<b>Total assets</b>	<b>\$ 4,255,308</b>	<b>\$ 212,837</b>	<b>\$ 4,541,412</b>	<b>\$ 1,286,455</b>	<b>\$ 10,296,012</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	742,369	4,506	-	16,700	763,575
Due to other funds	16,406	161,124	-	-	177,530
Unearned revenue	142,143	-	-	19,573	161,716
<b>Total liabilities</b>	<b>900,918</b>	<b>165,630</b>	<b>-</b>	<b>36,273</b>	<b>1,102,821</b>
<b>Fund Balances</b>					
Nonspendable	255,000	64,464	-	250,159	569,623
Restricted	334,268	-	4,541,412	964,107	5,839,787
Assigned	292,521	-	-	35,916	328,437
Unassigned	2,472,601	(17,257)	-	-	2,455,344
<b>Total fund balances</b>	<b>3,354,390</b>	<b>47,207</b>	<b>4,541,412</b>	<b>1,250,182</b>	<b>9,193,191</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,255,308</b>	<b>\$ 212,837</b>	<b>\$ 4,541,412</b>	<b>\$ 1,286,455</b>	<b>\$ 10,296,012</b>

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

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Total Fund Balance - Governmental Funds	\$ 9,193,191
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 85,258,158
Accumulated depreciation is	<u>(54,318,816)</u>
Net capital assets	30,939,342
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.	
	(210,857)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to	
Other postemployment benefits	1,514,769
Net pension obligation	<u>8,058,704</u>
Total deferred outflows of resources	9,573,473
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to	
Debt refundings	(245,111)
Other postemployment benefits	(654,439)
Net pension obligation	<u>(4,456,294)</u>
Total deferred inflows of resources	(5,355,844)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	
	(31,675,848)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	
	(9,367,690)

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

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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

General obligation bonds	(16,994,709)
Certificates of participation	(3,707,783)
Capital leases payable	(256,129)
Unamortized debt premiums	(1,124,897)
Compensated absences (vacations)	(122,554)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(12,259,613)

Total long-term liabilities (34,465,685)

Total net position - governmental activities \$ (31,369,918)

Calaveras Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2020

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local Control Funding Formula	\$ 27,362,651	\$ -	\$ -	\$ -	\$ 27,362,651
Federal sources	1,189,949	1,023,922	-	-	2,213,871
Other State sources	2,813,229	74,198	-	359,846	3,247,273
Other local sources	1,972,962	53,852	4,008,509	748,366	6,783,689
<b>Total revenues</b>	<b>33,338,791</b>	<b>1,151,972</b>	<b>4,008,509</b>	<b>1,108,212</b>	<b>39,607,484</b>
<b>Expenditures</b>					
Current					
Instruction	19,143,741	-	-	486,379	19,630,120
Instruction-related activities					
Supervision of instruction	401,841	-	-	31,730	433,571
Instructional library, media, and technology	540,545	-	-	-	540,545
School site administration	2,205,350	-	-	-	2,205,350
Pupil services					
Home-to-school transportation	3,078,115	-	-	-	3,078,115
Food services	60,539	1,339,503	-	-	1,400,042
All other pupil services	1,077,910	-	-	-	1,077,910
Administration					
Data processing	419,190	-	-	-	419,190
All other administration	1,862,967	46,590	-	21,731	1,931,288
Plant services	2,528,416	1,940	-	171,284	2,701,640
Ancillary services	187,674	-	-	-	187,674
Community services	14,800	-	-	199,265	214,065
Other outgo	745,533	-	-	-	745,533
Capital Outlay	172,539	-	-	92,649	265,188
Debt service					
Principal	337,515	-	1,594,393	200,000	2,131,908
Interest and other	149,695	-	1,040,167	45,116	1,234,978
<b>Total expenditures</b>	<b>32,926,370</b>	<b>1,388,033</b>	<b>2,634,560</b>	<b>1,248,154</b>	<b>38,197,117</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>412,421</b>	<b>(236,061)</b>	<b>1,373,949</b>	<b>(139,942)</b>	<b>1,410,367</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	252,232	-	-	252,232
Proceeds from sales of bonds	-	-	11,696,428	-	11,696,428
Transfers out	(252,232)	-	-	-	(252,232)
Payment to escrow agent	-	-	(11,490,591)	-	(11,490,591)
<b>Net Financing Sources (Uses)</b>	<b>(252,232)</b>	<b>252,232</b>	<b>205,837</b>	<b>-</b>	<b>205,837</b>
<b>Net Change in Fund Balances</b>	<b>160,189</b>	<b>16,171</b>	<b>1,579,786</b>	<b>(139,942)</b>	<b>1,616,204</b>
<b>Fund Balance - Beginning</b>	<b>3,194,201</b>	<b>31,036</b>	<b>2,961,626</b>	<b>1,390,124</b>	<b>7,576,987</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,354,390</b>	<b>\$ 47,207</b>	<b>\$ 4,541,412</b>	<b>\$ 1,250,182</b>	<b>\$ 9,193,191</b>

Calaveras Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2020

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Total Net Change in Fund Balances - Governmental Funds \$ 1,616,204

Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (2,464,664)
Capital outlays	<u>33,110</u>

Net expense adjustment	(2,431,554)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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). This amount is the difference between vacation earned and used. (13,093)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (1,375,262)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. 370,301

Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (10,485,000)

Calaveras Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2020

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Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter. (263,966)

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	(1,211,428)
Premium amortization	86,531

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	13,043,359
General obligation bonds accreted interest	301,641
Certificates of participation	420,000
Capital leases	117,515

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

(672,646)

Change in net position of governmental activities

\$ (497,398)

Calaveras Unified School District  
Statement of Net Position – Fiduciary Fund  
June 30, 2020

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	Scholarship Trust	Agency Funds
	<u>                    </u>	<u>                    </u>
Assets		
Deposits and investments	\$ 535,997	\$ 120,966
	<u>535,997</u>	<u>120,966</u>
Total assets	<u>535,997</u>	<u>\$ 120,966</u>
Liabilities		
Due to student groups	-	\$ 120,966
	<u>-</u>	<u>120,966</u>
Total liabilities	<u>-</u>	<u>\$ 120,966</u>
Net Position		
Held in trusts for scholarships	<u>535,997</u>	
Total net position	<u>\$ 535,997</u>	



Calaveras Unified School District  
Statement of Changes in Fund Net Position – Fiduciary Fund  
Year Ended June 30, 2020

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	Scholarship Trust
	<u>                    </u>
Additions	
Private donations	\$    103,087
Interest	<u>            588</u>
Total additions	103,675
Deductions	
Other expenditures	<u>110,186</u>
Change in Net Position	(6,511)
Net Position - Beginning	<u>542,508</u>
Net Position - Ending	<u><u>\$    535,997</u></u>

## **Note 1 - Summary of Significant Accounting Policies**

### **Financial 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 Calaveras Unified School District (the District) consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in accounting principles generally accepted in the United States of America. The District determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

### **Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

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

### **Major Governmental Funds**

**General Fund** The General Fund 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.

The Deferred Maintenance Fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$91,404.

**Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

#### **Non-Major Governmental Funds**

**Special Revenue Funds** The 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 and 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.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

**Capital Project Funds** The Capital Project funds are used 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** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

- **Debt Service Fund** The Debt Service Fund for blended component units is used for the accumulation of resources for and the retirement of principal and interest on general long-term liabilities.

**Fiduciary Funds** Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. 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 reports the following fund types:

- **Private Purpose Trust Fund** The Private Purpose Trust Fund is used to account for assets held by the District as trustee for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District maintains one private purpose trust fund, the Scholarship Fund, which is used to provide financial assistance to students of the District.

- **Agency Fund** The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

### **Basis of Accounting - Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

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

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements prepared on the accrual basis of accounting, using the economic resources measurement focus and the statements for the governmental funds prepared on a modified accrual basis of accounting using the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statement because they do not represent resources of the District.

**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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. 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 levied. 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue** Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows.

### **Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in state or county investment pools are determined by the program sponsor.

**Prepaid Items (Expenses)**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Stores Inventories**

Inventories consist of expendable food and supplies held for consumption and unused donated commodities. Inventories are stated at cost, on the weighted average cost basis. The costs of inventory items are recorded as expenditures in the governmental type funds when consumed rather than when purchased.

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the Statement of Net Position.

**Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

The total accumulated unpaid compensated absences for the District at June 30, 2020, amounted to \$122,554.

#### **Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner from current financial resources are reported as liabilities of the funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

#### **Debt Issuance Costs, Premiums and Discounts**

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

**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 California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

**Fund Balances - Governmental Funds**

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.



**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

When 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 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.

### **Fund Balance Policy**

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its General Fund sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

### **Net Position**

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

### **Interfund Activity**

Transfers between governmental and proprietary activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

**Estimates**

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

**Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. Calaveras County bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**Change in Accounting Principles**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations.
- Statement No. 84, Fiduciary Activities.
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.
- Statement No. 90, Majority Equity Interests.
- Statement No. 91, Conduit Debt Obligations.
- Statement No. 92, Omnibus 2020.
- Statement No. 93, Replacement of Interbank Offered Rates.
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018.
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019.
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases.
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

**New Accounting Pronouncements**

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.

As a result of the implementation of GASB No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. 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.

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.

As a result of the implementation of GASB Statement No. 95, 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. The effects of this change on the District's financial statements have not yet been determined.

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.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

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.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.



The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

## **Note 2 - Deposits and Investments**

### **Summary of Deposits and Investments**

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 8,186,564
Fiduciary funds	<u>656,963</u>
Total deposits and investments	<u><u>\$ 8,843,527</u></u>

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

Cash on hand and in banks	\$ 656,963
Cash with fiscal agent	625,117
Cash in revolving	20,000
Investments	<u>7,541,447</u>
Total deposits and investments	<u><u>\$ 8,843,527</u></u>

### **Policies and Practices**

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the amortized cost which approximates fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The fair value of the deposits with the County Treasurer at June 30, 2020 was \$7,541,447.

### General Authorizations

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

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The pool investment at June 30, 2020 have weighted average life of 1.21 years.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in County Pool is not required to be rated, nor has it been rated as of June 30, 2020.

**Custodial Credit Risk - Deposits**

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

**Fair Value Measurements**

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- Level 1 inputs – quoted prices in active markets for identical assets.
- Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets.
- Level 3 inputs – estimates using the best information available when there is little or no market.

Uncategorized – Investment in the 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. As of June 30, 2020, all of the District's investment is in the Calaveras Treasury. The County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

**Note 3 - Receivables**

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	\$ 224,270	\$ 110,055	\$ -	\$ 334,325
State Government				
LCFF apportionment	276,351	-	-	276,351
Categorical aid	12,638	9,442	243,163	265,243
Lottery	147,322	-	-	147,322
Local Government				
Other local sources	358,812	242	-	359,054
Total	<u>\$ 1,019,393</u>	<u>\$ 119,739</u>	<u>\$ 243,163</u>	<u>\$ 1,382,295</u>

**Note 4 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,679,925	\$ -	\$ -	\$ 1,679,925
Capital assets being depreciated				
Land improvements	13,162,234	27,211	-	13,189,445
Buildings and improvements	62,999,614	-	-	62,999,614
Furniture and equipment	7,383,275	5,899	-	7,389,174
Total capital assets being depreciated	83,545,123	33,110	-	83,578,233
Total capital assets	85,225,048	33,110	-	85,258,158
Accumulated depreciation				
Land improvements	(11,880,477)	(336,557)	-	(12,217,034)
Buildings and improvements	(34,500,592)	(1,790,986)	-	(36,291,578)
Furniture and equipment	(5,473,083)	(337,121)	-	(5,810,204)
Total accumulated depreciation	(51,854,152)	(2,464,664)	-	(54,318,816)
Governmental activities capital assets, net	\$ 33,370,896	\$ (2,431,554)	\$ -	\$ 30,939,342

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,457,002
Community services	15,524
Instructional library, media, and technology	39,201
School site administration	159,933
Home-to-school transportation	223,226
Food services	101,532
All other pupil services	78,171
Data processing services	30,400
All other general administration	140,058
Plant maintenance and operations	206,007
Ancillary service	13,610
Total depreciation expenses governmental activities	\$ 2,464,664

**Note 5 - Interfund Transactions**

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances for the year ended June 30, 2020, consist of the follows:

Due To	General Fund	Due From Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 16,406	\$ 16,406
Cafeteria Fund	161,124	-	161,124
Total	<u>\$ 161,124</u>	<u>\$ 16,406</u>	<u>\$ 177,530</u>

The balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfer**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfer for the 2019-2020 fiscal year consist of \$252,232 from general fund to cafeteria fund to support food programs.

**Note 6 - Accounts Payable**

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 534,641	\$ 4,506	\$ -	\$ 539,147
State LCFF apportionment	135,826	-	-	135,826
Salaries and benefits	71,902	-	16,700	88,602
Total	<u>\$ 742,369</u>	<u>\$ 4,506</u>	<u>\$ 16,700</u>	<u>\$ 763,575</u>

## Note 7 - Long-Term Liabilities Other Than OPEB and Pensions

### Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
GOB	\$ 19,553,068	\$ 10,485,000	\$ (13,043,359)	\$ 16,994,709	\$ 1,766,704
GOB accreted interest	11,298,236	642,734	(301,641)	11,639,329	338,296
COP	4,127,783	-	(420,000)	3,707,783	435,000
COP accreted interest	568,041	52,243	-	620,284	-
Unamortized debt premiums	-	1,211,428	(86,531)	1,124,897	-
Capital leases	373,644	-	(117,515)	256,129	37,735
Compensated absences	109,461	13,093	-	122,554	-
Total	<u>\$ 36,030,233</u>	<u>\$ 12,404,498</u>	<u>\$ (13,969,046)</u>	<u>\$ 34,465,685</u>	<u>\$ 2,577,735</u>

Payments on the General Obligation Bonds (GOB) are made by the Bond Interest and Redemption Fund with local revenues. Payments to the Certificates of Participation (COP) are made by the Capital Facilities Fund. The accumulated vacation will be paid by the fund for which the employee worked. Payments on the capital leases are made by the General Fund.

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

#### General Obligation Bonds - Principal

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
Capital appreciation bonds							
1998	2022	8.7%	\$ 131,830	\$ 131,830	\$ -	\$ -	\$ 131,830
2000	2025	5.83%-5.91%	1,948,075	1,948,075	-	-	1,948,075
2002	2027	5.75%-5.89%	3,619,082	2,609,425	-	(183,359)	2,426,066
2008	2040	5.79%-10.75%	2,003,738	2,003,738	-	-	2,003,738
Total accptial appreciation bonds				<u>6,693,068</u>	<u>-</u>	<u>(183,359)</u>	<u>6,509,709</u>
Current interest bonds							
2007	2032	4.00%-4.38%	11,195,000	9,870,000	-	(9,870,000)	-
2009	2021	2.25%-5.00%	11,130,000	2,990,000	-	(2,990,000)	-
2019	2032	4.00%-5.00%	10,485,000	-	10,485,000	-	10,485,000
Total current interest bonds				<u>12,860,000</u>	<u>10,485,000</u>	<u>(12,860,000)</u>	<u>10,485,000</u>
Total general obligation bonds				<u>\$ 19,553,068</u>	<u>\$ 10,485,000</u>	<u>\$ (13,043,359)</u>	<u>\$ 16,994,709</u>

# Calaveras Unified School District

Notes to Financial Statements

June 30, 2020

## General Obligation Bonds - Accreted Interest

Issuance Date	Final Maturity Date	Interest Rate	Bonds Outstanding July 1, 2019	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
1998	2022	8.7%	\$ 673,692	\$ 71,604	\$ -	\$ 745,296
2000	2025	5.83%-5.91%	3,918,918	350,549	-	4,269,467
2002	2027	5.75%-5.89%	4,822,553	(25,241)	(301,641)	4,495,671
2008	2037	5.79%-10.75%	1,883,073	245,822	-	2,128,895
			<u>\$ 11,298,236</u>	<u>\$ 642,734</u>	<u>\$ (301,641)</u>	<u>\$ 11,639,329</u>

## Debt Service Requirements to Maturity

The capital appreciation bonds mature through 2040 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2021	\$ 181,704	\$ 933,296	\$ 1,115,000	\$ -	\$ 1,115,000
2022	184,671	924,303	1,108,974	66,026	1,175,000
2023	320,118	1,665,803	1,985,921	299,079	2,285,000
2024	168,883	1,839,331	2,008,214	381,786	2,390,000
2025	173,244	1,812,399	1,985,643	519,357	2,505,000
2026-2030	3,477,351	2,335,302	5,812,653	2,427,347	8,240,000
2031-2035	598,301	721,486	1,319,787	2,155,213	3,475,000
2036-2040	1,405,437	1,407,409	2,812,846	4,752,154	7,565,000
Total	<u>\$ 6,509,709</u>	<u>\$ 11,639,329</u>	<u>\$ 18,149,038</u>	<u>\$ 10,600,962</u>	<u>\$ 28,750,000</u>

The current interest bonds mature through 2035 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 1,585,000	\$ 392,200	\$ 1,977,200
2022	1,390,000	332,700	1,722,700
2023	415,000	296,600	711,600
2024	435,000	279,600	714,600
2025	450,000	259,650	709,650
2026-2030	3,420,000	961,600	4,381,600
2031-2035	2,790,000	143,400	2,933,400
Total	<u>\$ 10,485,000</u>	<u>\$ 2,665,750</u>	<u>\$ 13,150,750</u>



### Certificates of Participation

In October 2002, Calaveras Unified School District issued certificates of participation in the amount of \$6,467,783 with interest rates ranging from 2.00 to 5.33 percent. As of June 30, 2020, the principal balance outstanding was \$3,707,783. The certificates of participation have also accreted interest in the amount of \$620,284 for the year ended June 30, 2020.

### Certificates of Participation - Principal

Issue Date	Maturity Date	Interest Rate	Original Issue	Certificates Outstanding June 30, 2019	Redeemed	Certificates Outstanding June 30, 2020
2002	2035	5.24% - 5.33%	\$ 407,783	\$ 407,783	\$ -	\$ 407,783
2013	2026	2.00% - 3.37%	6,060,000	3,720,000	(420,000)	3,300,000
Total				<u>\$ 4,127,783</u>	<u>\$ (420,000)</u>	<u>\$ 3,707,783</u>

### Certificates of Participation - Accreted Interest

Issue Date	Maturity Date	Interest Rate	Certificates Outstanding 6/30/2019	Accreted Interest	Certificates Outstanding 6/30/2020
2002	2035	5.24% - 5.33%	<u>\$ 568,041</u>	<u>\$ 52,243</u>	<u>\$ 620,284</u>

### Debt Service Requirements to Maturity

The capital appreciation certificates mature through 2040 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2021	\$ -	\$ -	\$ -	\$ -	\$ -
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026-2030	170,125	256,624	426,749	203,251	630,000
2031-2035	199,225	304,423	503,648	441,352	945,000
2036-2040	38,433	59,237	97,670	117,330	215,000
Total	<u>\$ 407,783</u>	<u>\$ 620,284</u>	<u>\$ 1,028,067</u>	<u>\$ 761,933</u>	<u>\$ 1,790,000</u>

# Calaveras Unified School District

## Notes to Financial Statements

June 30, 2020

The current interest certificates mature through 2040 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2021	\$ 435,000	\$ 94,881	\$ 529,881
2022	450,000	82,694	532,694
2023	475,000	68,818	543,818
2024	490,000	54,344	544,344
2025	510,000	39,025	549,025
2026-2030	940,000	29,198	969,198
Total	<u>\$ 3,300,000</u>	<u>\$ 368,960</u>	<u>\$ 3,668,960</u>

### Capital Leases

On September 21, 2005, the District entered into a lease agreement to finance an energy retrofit project to increase energy efficiency in the District and cut energy costs to the District. The initial lease amount was \$622,256 and will be paid in 30 consecutive semiannual payments of \$28,360, which includes principal and interest at 4.31%. Payments continue through October 2020.

On January 6, 2019, the District entered into a lease agreement to finance 22 copiers for five years. The initial lease amount was \$318,790 and will be paid in 60 consecutive monthly payments of \$4,952 which includes sales tax. Payments continue through January 2024.

The current year additions and payments related to capital leases are as follows:

	<u>Capital Lease</u>
Balance, July 1, 2019	\$ 373,644
Payments	<u>(117,515)</u>
Balance, July 1, 2020	<u>\$ 256,129</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	\$ 92,090
2022	63,730
2023	63,730
2024	37,175
	<u>256,725</u>
Total	256,725
Less amount representing interest	<u>(596)</u>
Present value of minimum lease payments	<u><u>\$ 256,129</u></u>

#### Note 8 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Stores inventories	-	64,464	-	-	64,464
Prepaid expenditures	235,000	-	-	250,159	485,159
Total nonspendable	<u>255,000</u>	<u>64,464</u>	<u>-</u>	<u>250,159</u>	<u>569,623</u>
Restricted					
Educational programs	334,268	-	-	91,244	425,512
Capital projects	-	-	-	247,746	247,746
Debt services	-	-	4,541,412	625,117	5,166,529
Total restricted	<u>334,268</u>	<u>-</u>	<u>4,541,412</u>	<u>964,107</u>	<u>5,839,787</u>
Assigned					
Capital projects	-	-	-	35,916	35,916
Deferred maintenance	91,404	-	-	-	91,404
Compensated absences	122,554	-	-	-	122,554
Lottery carryover	78,563	-	-	-	78,563
Total assigned	<u>292,521</u>	<u>-</u>	<u>-</u>	<u>35,916</u>	<u>328,437</u>
Unassigned					
Reserve for economic uncertainties	2,472,601	-	-	-	2,472,601
Remaining unassigned	-	(17,257)	-	-	(17,257)
Total unassigned	<u>2,472,601</u>	<u>(17,257)</u>	<u>-</u>	<u>-</u>	<u>2,455,344</u>
Total	<u><u>\$ 3,354,390</u></u>	<u><u>\$ 47,207</u></u>	<u><u>\$ 4,541,412</u></u>	<u><u>\$ 1,250,182</u></u>	<u><u>\$ 9,193,191</u></u>

**Note 9 - Postemployment Health Care Plan and Other Postemployment Benefits (OPEB) Obligation**

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
The Plan	\$ 9,367,690	\$ 1,514,769	\$ 654,439	\$ 370,301

**Plan Administration**

The District offers medical and prescription drug benefits to its employees and retirees through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insured basis. A separate three-tiered rate structure applies to retirees under the age of 65. Seven medical and prescription drug options are offered to retirees as follows: Blue Cross PPO options 1A, 4B, Wellness with Rx plan C, 6B, and 10D, CVT Bronze, and Kaiser HMO. Dental and vision coverages are also available. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Plan Membership**

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	48
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	272
Total	320

**Benefits Provided**

Certificated employees who have attained age 53, completed at least 10 years of District service, and have not performed service in another school district on other than a substitute basis after the date of retirement, are eligible to receive District-paid medical coverage (including dependents) in an amount equal to a percentage of the premium based on age at retirement. This percentage is 100% for retirement ages 53-55, and decreases by 5% per year to 55% at retirement age 64. Retirees who were hired on or after July 1, 1996 are subject to a District cap which is currently \$775.00/month, and the percentages described above are applied to the lesser of the medical premium or the District cap. The cap has been increased periodically but is frozen in the year of retirement.

Classified employees who have attained age 55 and completed at least 15 years of service, and have retired under CalPERS, are eligible to receive District-paid medical coverage (including dependents) in an amount equal to a percentage of the premium that ranges between 20% and 100% based on years of service at retirement. Classified retirees are not subject to a cap on benefits. District paid benefits end at age 65.

## Contributions

The contribution requirements of Plan members and the District are established and may be amended by District. The required contribution is based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, and the unrepresented groups are based on availability of funds. For the fiscal year 2019-2020, the District contributed \$973,164 to the Plan. All of which was used for current premiums.

## Total OPEB Liability of District

The District's total OPEB liability of \$9,367,690 was measured as of June 30, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

## Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

The total OPEB liability as of June 30, 2019 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumption	June 30, 2020 Measurement Date
Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age, Level Percent of Pay
Discount Rate	3.13%
Investment Return / Discount Method used	Municipal Bond Index / Bond Buyer 20 Bond Index
Payroll Increase	3.00% per annum
General Inflation	3.00% per annum
Mortality Tables	RP-2014 Employee Mortality Table for Males or Females, as appropriate RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate
Turnover	Crocker-Sarason Table T-5 less mortality, increased by 60% at all ages.
Trend Rate	5.90% Pre-Medicare; 4.00% Medicare; 4.00% dental and vision

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

The long-term expected rate of return on OPEB plan investments, if any, was applied using a 4 percent Long-Term Expected Return of Plan Investments. The Municipal bond 20-Year High Grade Rate Index return of 3.13 percent and a discount rate of 3.13 percent.

### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	\$ 9,401,706
Service cost	380,653
Interest	338,852
Differences between expected and actual experience	(538,984)
Changes of assumptions or other inputs	636,623
Benefit payments	(851,160)
Net change in total OPEB liability	(34,016)
Balance, June 30, 2020	\$ 9,367,690

### Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (2.13%)	\$ 10,001,127
Current discount rate (3.13%)	9,367,690
1% increase (4.13%)	8,779,616

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.0%)	\$ 8,649,726
Current healthcare cost trend rate (5.0%)	9,367,690
1% increase (6.0%)	10,176,314

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$370,301. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 973,164	\$ -
Differences between expected and actual experience	-	458,539
Changes of assumptions	541,605	195,900
Total	<u>\$ 1,514,769</u>	<u>\$ 654,439</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (29,950)
2022	(29,950)
2023	(29,950)
2024	(29,950)
2025	(3,235)
Thereafter	10,201
Total	<u>\$ (112,834)</u>

**Note 10 - Risk Management****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, 2020, the District contracted with Tuolumne Joint Powers Authority (TJPA) 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 change in coverage from the prior year.

**Workers' Compensation**

For fiscal year 2020, the District participated in the Tuolumne Joint Powers Authority (TJPA), an insurance purchasing pool. The intent of the TJPA pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the TJPA pool.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the TIPA pool. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the TIPA pool. Participation in the TIPA pool is limited to districts that can meet the TIPA pool selection criteria.

### Note 11 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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, 2020, 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	\$ 18,791,775	\$ 5,300,056	\$ 3,776,996	\$ 1,788,606
CalPERS	12,884,073	2,758,648	679,298	1,910,131
Total	<u>\$ 31,675,848</u>	<u>\$ 8,058,704</u>	<u>\$ 4,456,294</u>	<u>\$ 3,698,737</u>

The details of each plan are as follows:

#### 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, 2018, 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: [www.calstrs.com/member-publications](http://www.calstrs.com/member-publications).



### 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 percent 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, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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 employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

### 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 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were \$1,846,806.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 18,791,775
State's proportionate share of the net pension liability	<u>10,252,168</u>
Total	<u>\$ 29,043,943</u>

The net pension liability was measured as of June 30, 2019. 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 proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0208 percent and 0.0219 percent, resulting in a net decrease in the proportionate share of 0.0011 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$1,788,606. In addition, the District recognized pension expense and revenue of \$1,526,769 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,846,806	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,029,062	2,523,600
Differences between projected and actual earnings on pension plan investments	-	723,865
Differences between expected and actual experience in the measurement of the total pension liability	47,439	529,531
Changes of assumptions	<u>2,376,749</u>	<u>-</u>
Total	<u>\$ 5,300,056</u>	<u>\$ 3,776,996</u>

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 are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (73,015)
2022	(574,663)
2023	(119,309)
2024	43,122
Total	<u>\$ (723,865)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 24,933
2022	31,064
2023	58,024
2024	458,248
2025	13,575
Thereafter	(185,725)
Total	<u>\$ 400,119</u>

### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. 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 (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	-3.3%
Cash/liquidity	2%	-0.4%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed 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 (7.10 percent) 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%)	\$ 27,982,509
Current discount rate (7.10%)	18,791,775
1% increase (8.10%)	11,170,907

**California Public Employees' Retirement System (CalPERS)****Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions 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, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

## 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, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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%	7.00%
Required employer contribution rate	19.721%	19.721%

## Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions 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 contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were \$1,190,329.

### Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$12,884,073. The net pension liability was measured as of June 30, 2019. 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 proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0442 percent and 0.0474 percent, resulting in a net decrease in the proportionate share of 0.0032 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$1,910,131. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,190,329	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	19,096	559,796
Differences between projected and actual earnings on pension plan investments	-	119,502
Differences between expected and actual experience in the measurement of the total pension liability	935,901	-
Changes of assumptions	613,322	-
	<u>\$ 2,758,648</u>	<u>\$ 679,298</u>
Total	<u>\$ 2,758,648</u>	<u>\$ 679,298</u>

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 are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 117,962
2022	(235,625)
2023	(35,707)
2024	33,868
	<u>\$ (119,502)</u>
Total	<u>\$ (119,502)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 809,956
2022	218,237
2023	(17,881)
2024	(1,789)
Total	<u>\$ 1,008,523</u>

#### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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



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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

### Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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	Net Pension Liability
1% decrease (6.15%)	\$ 18,571,543
Current discount rate (7.15%)	12,884,073
1% increase (8.15%)	8,165,923

### Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use social security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

### **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 in the amount of \$359,205, for fiscal year ending June 30, 2020, (10.328 percent of 2019-2020 annual payrolls). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on-behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded on the financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions have been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule and Major Special Revenue Fund – Budgetary Comparison Schedule

## **Note 12 - Commitments and Contingencies**

### **Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

### **Litigation**

The district is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

### **Covid -19 contingencies**

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

**Note 13 - Participation in Public Joint Power Authorities**

The District is a member of the California's Valued Trust (CVT) and Tuolumne Joint Powers Authority (TJPA) joint powers authorities (JPAs). The District pays an annual premium to CVT for its medical, dental, and vision coverage and to TJPA for its property and worker's compensation. The JPAs are such that they are not component units of the District for financial reporting purposes.

These entities have 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 entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2020, the District made payments of \$5,118,677 to CVT and \$1,061,737 to TJPA.



Required Supplementary Information  
June 30, 2020

## Calaveras Unified School District

Calaveras Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2020

	Budgeted Amounts			Variances - Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Local control funding formula	\$ 26,928,056	\$ 27,376,706	\$ 27,362,651	\$ (14,055)
Federal sources	1,503,039	1,528,915	1,189,949	(338,966)
Other state sources	1,854,122	2,462,480	2,813,229	350,749
Other local sources	1,588,785	1,897,011	1,972,962	75,951
Total revenues	31,874,002	33,265,112	33,338,791	73,679
Expenditures				
Current				
Certificated salaries	11,273,546	11,446,311	11,437,886	8,425
Classified salaries	5,510,176	5,355,645	5,209,077	146,568
Employee benefits	8,795,938	8,781,904	9,118,442	(336,538)
Books and supplies	1,472,329	1,540,731	1,029,629	511,102
Services and operating expenditures	3,449,155	3,939,093	3,826,521	112,572
Other outgo	903,833	1,209,668	347,236	862,432
Capital outlay	1,156,590	1,475,326	1,470,369	4,957
Debt service				
Debt service - principal	-	-	337,515	(337,515)
Debt service - interest and other	-	-	149,695	(149,695)
Total expenditures	32,561,567	33,748,678	32,926,370	822,308
Excess (Deficiency) of Revenues Over Expenditures	(687,565)	(483,566)	412,421	895,987
Other Financing Sources (Uses)				
Transfers out	(131,809)	(23,676)	(252,232)	(228,556)
Net Change in Fund Balances	(819,374)	(507,242)	160,189	667,431
Fund Balance - Beginning	3,194,201	3,194,201	3,194,201	-
Fund Balance - Ending	<u>\$ 2,374,827</u>	<u>\$ 2,686,959</u>	<u>\$ 3,354,390</u>	<u>\$ 667,431</u>

Calaveras Unified School District  
 Budgetary Comparison Schedule – Cafeteria Fund  
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 1,309,895	\$ 1,309,895	\$ 1,023,922	\$ (285,973)
Other State sources	88,000	88,000	74,198	(13,802)
Other local sources	150,000	150,000	53,852	(96,148)
Total revenues	1,547,895	1,547,895	1,151,972	(395,923)
Expenditures				
Current				
Classified salaries	546,340	546,340	539,471	6,869
Employee benefits	316,642	316,641	302,763	13,878
Books and supplies	676,510	612,760	542,694	70,066
Services and operating expenditures	9,662	15,102	(43,485)	58,587
Other outgo	72,957	72,957	46,590	26,367
Total expenditures	1,622,111	1,563,800	1,388,033	175,767
Excess (Deficiency) of Revenues Over Expenditures	(74,216)	(15,905)	(236,061)	(189,569)
Other Financing Sources (Uses)				
Transfers in	120,447	12,341	252,232	239,891
Net Change in Fund Balances	46,231	(3,564)	16,171	19,735
Fund Balance - Beginning	31,036	31,036	31,036	-
Fund Balance - Ending	\$ 77,267	\$ 27,472	\$ 47,207	\$ 19,735

Calaveras Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 380,653	\$ 463,867	\$ 450,356
Interest	338,852	292,619	296,374
Difference between expected and actual experience	(538,984)	-	-
Changes of assumptions	636,623	(284,946)	-
Benefit payments	(851,160)	(830,945)	(901,926)
Net change in total OPEB liability	(34,016)	(359,405)	(155,196)
Total OPEB Liability - Beginning	9,401,706	9,761,111	9,916,307
Total OPEB Liability - Ending	<u>\$ 9,367,690</u>	<u>\$ 9,401,706</u>	<u>\$ 9,761,111</u>
Covered Payroll	18,268,728	18,689,742	17,537,492
Total OPEB Liability as a Percentage of Covered Payroll	51.28%	50.30%	55.66%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

*Note:* In the future, as data becomes available, ten years of information will be presented.

Calaveras Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2020

	2019	2018	2017	2016	2015	2014
<b>CalSTRS</b>						
Proportion of the net pension liability (asset)	0.0208%	0.0219%	0.0202%	0.0216%	0.0251%	0.0250%
Proportionate share of the net pension liability (asset)	\$ 18,791,775	\$ 20,164,424	\$ 18,635,460	\$ 17,493,674	\$ 16,883,892	\$ 14,609,250
State's proportionate share of the net pension liability (asset)	10,252,168	11,545,076	11,024,580	9,958,837	8,929,718	8,868,102
Total	\$ 29,043,943	\$ 31,709,500	\$ 29,660,040	\$ 27,452,511	\$ 25,813,610	\$ 23,477,352
Covered payroll	\$ 11,294,507	\$ 11,738,908	\$ 10,743,763	\$ 11,573,266	\$ 11,238,441	11,238,441
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	166.38%	172%	173%	151%	150%	130%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>						
Proportion of the net pension liability (asset)	0.0442%	0.0474%	0.0477%	0.0473%	0.0517%	0.0533%
Proportionate share of the net pension liability (asset)	\$ 12,884,073	\$ 12,626,373	\$ 11,398,288	\$ 9,335,672	\$ 7,626,042	\$ 6,050,848
Covered payroll	\$ 6,132,906	\$ 6,268,654	\$ 6,201,033	\$ 5,774,063	\$ 5,624,154	5,624,154
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	210.08%	201%	184%	162%	136%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.



Calaveras Unified School District  
Schedule of District Pension Contributions  
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>						
Contractually required contribution	\$ 1,846,806	\$ 1,836,688	\$ 1,696,715	\$ 1,350,459	\$ 1,027,706	\$ 927,172
Less contributions in relation to the contractually required contribution	<u>1,846,806</u>	<u>1,836,688</u>	<u>1,696,715</u>	<u>1,350,459</u>	<u>1,027,706</u>	<u>927,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$10,800,035</u>	<u>\$11,294,507</u>	<u>\$11,738,908</u>	<u>\$10,743,763</u>	<u>\$11,573,266</u>	<u>\$11,238,441</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.26%</u>	<u>14.45%</u>	<u>12.57%</u>	<u>8.88%</u>	<u>8.25%</u>
<b>CalPERS</b>						
Contractually required contribution	\$ 1,190,329	\$ 1,107,755	\$ 973,168	\$ 858,356	\$ 679,665	\$ 643,516
Less contributions in relation to the contractually required contribution	<u>1,190,329</u>	<u>1,107,755</u>	<u>973,168</u>	<u>858,356</u>	<u>679,665</u>	<u>643,516</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 6,035,845</u>	<u>\$ 6,132,906</u>	<u>\$ 6,268,654</u>	<u>\$ 6,201,033</u>	<u>\$ 5,774,063</u>	<u>\$ 5,624,154</u>
Contributions as a percentage of covered payroll	<u>19.72%</u>	<u>18.06%</u>	<u>15.52%</u>	<u>13.84%</u>	<u>11.77%</u>	<u>11.44%</u>

*Note* : In the future, as data becomes available, ten years of information will be presented.

## **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 State 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 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.

These schedules present 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 Changes in the District's Total OPEB Liability and Related Ratios**

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

*Changes in Benefit Terms* – There were no changes in benefit terms.

*Changes of Assumptions* – The discount rate changed from 3.62% in prior year to 3.13% in current year.

### **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.

*Changes in Benefit Terms* – There were no changes in benefit terms for both CalSTRS and CalPERS.

*Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

### **Schedule of District Pension 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.



Supplementary Information  
June 30, 2020

**Calaveras Unified School District**

Calaveras Unified School District  
Schedule of Expenditures of Federal Awards  
June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through the Calaveras County Office of Education			
Forest Reserve Funds	10.665	10044	\$ 23,958
Passed through the California Department of Education (CDE)			
Child Nutrition Cluster			
National School Lunch Program	10.555	13523/13524	670,081
School Breakfast Needy	10.553	13526	275,946
Meal Supplements	10.551	13528	4,653
Commodities	10.555	13523	29,479
			<hr/>
Subtotal Child Nutrition Cluster			980,159
Child and Adult Care Food Program	10.558	13393	73,242
			<hr/>
Total U.S. Department of Agriculture			1,077,359
			<hr/>
<u>US. Department of Education</u>			
<i>Passed through CDE</i>			
Title I Grants to Local Educational Agencies	84.010	14329	742,479
Title I Grants to Local Educational Agencies	84.010	15438	179,073
Student Support and Academic Enrichment Program	84.424	15396	21,360
Supporting Effective Instruction State Grants	84.367	14341	125,214
Career and Technical Education - Basic Grants to States	84.048	14894	31,165
			<hr/>
Total U.S. Department of Education			1,099,291
			<hr/>
Total Expenditures of federal awards			\$ 2,176,650
			<hr/> <hr/>

## ORGANIZATION

The Calaveras Unified School District was unified on July 1, 1955, and consists of an area comprising approximately 235 square miles. The District operates six elementary schools, one middle school, one high school and a continuation high school and an Independent Learning Center. There were no boundary changes during the year.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Cory Williams	President	2022
Christine Noble	Clerk	2022
Suzie Coe	Member	2022
Sherri Reusche	Member	2024
Dennis Dunnigan	Member	2020

### ADMINISTRATION

Mark Campbell	Superintendent
Talibah Al-Rafiq	Chief Business Official

Calaveras Unified School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2020

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	Final Report	
	Second Period Report	Annual Report
Elementary School		
Regular ADA		
Transitional kindergarten through third	868.73	868.73
Fourth through sixth	586.73	586.73
Seventh and eighth	411.27	411.27
Ninth through twelfth	825.70	825.70
Total Regular ADA	2,692.43	2,692.43
Extended Year Special Education		
Transitional kindergarten through third	3.99	3.99
Fourth through sixth	2.45	2.45
Seventh and eighth	0.39	0.39
Ninth through twelfth	0.23	0.23
Total Extended Year Special Education	7.06	7.06
Grand Total ADA	2,699.49	2,699.49

# Calaveras Unified School District

Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	41,400	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		51,540	180	N/A	Complied
Grade 2		51,540	180	N/A	Complied
Grade 3		52,395	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,065	180	N/A	Complied
Grade 5		54,065	180	N/A	Complied
Grade 6		54,065	180	N/A	Complied
Grade 7		60,258	180	N/A	Complied
Grade 8		60,258	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,800	180	N/A	Complied
Grade 10		64,800	180	N/A	Complied
Grade 11		64,800	180	N/A	Complied
Grade 12		64,800	180	N/A	Complied

Calaveras Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2020

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption
FUND BALANCE				
Balance, June 30, 2020, Unaudited Actuals	\$ 3,041,520	\$ 91,404	\$ 289,851	\$ 4,433,108
As required by GASB 54, the District consolidated the Deferred Maintenance Fund into the General Fund	91,404	(91,404)	-	-
Fair market value adjustment	-	-	-	108,304
To align debt service payments with payment schedule	221,466	-	5,043	-
Balance, June 30, 2020, Audited Financial Statements	<u>\$ 3,354,390</u>	<u>\$ -</u>	<u>\$ 294,894</u>	<u>\$ 4,541,412</u>



Calaveras Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2020

	(Budget) 2021 <sup>1</sup>	2020	2019	2018
General Fund				
Revenues	\$ 34,337,690	\$ 33,338,791	\$ 32,447,188	\$ 30,541,299
Other sources	-	-	318,790	-
Total Revenues and Other Sources	<u>34,337,690</u>	<u>33,338,791</u>	<u>32,765,978</u>	<u>30,541,299</u>
Expenditures	33,683,194	32,926,370	33,621,387	32,126,938
Other uses and transfers out	-	252,232	65,484	-
Total Expenditures and Other Uses	<u>33,683,194</u>	<u>33,178,602</u>	<u>33,686,871</u>	<u>32,126,938</u>
Increase/(Decrease) in Fund Balance	<u>654,496</u>	<u>160,189</u>	<u>(920,893)</u>	<u>(1,585,639)</u>
Ending Fund Balance	<u>\$ 4,008,886</u>	<u>\$ 3,354,390</u>	<u>\$ 3,194,201</u>	<u>\$ 4,115,094</u>
Available Reserves <sup>2</sup>	<u>\$ 3,107,148</u>	<u>\$ 2,472,601</u>	<u>\$ 2,792,727</u>	<u>\$ 3,390,557</u>
Available Reserves as a Percentage of Total Outgo	<u>9.22%</u>	<u>7.45%</u>	<u>8.29%</u>	<u>10.55%</u>
Long-Term Liabilities	<u>\$ 72,931,488</u>	<u>\$ 75,509,223</u>	<u>\$ 78,250,418</u>	<u>\$ 79,493,141</u>
K-12 Average Daily Attendance at P-2	<u>2,708</u>	<u>2,699</u>	<u>2,651</u>	<u>2,676</u>

The General Fund balance has decreased by \$760,704 over the past two years. The fiscal year 2020-2021 budget projects an increase of \$654,496 (20 percent). For a district this size, the State recommends available reserves of at least four percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in one of past three years and anticipates incurring an operating surplus during the 2020-2021 fiscal year. Total long-term liabilities have decreased by \$3,983,918 over the past two years.

Average daily attendance has increased by 23 over the past two years. Additional growth of 9 ADA is anticipated during fiscal year 2020-2021.

<sup>1</sup> Budget 2021 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

Calaveras Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2020

	Child Development Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 60,350	\$ 44,735	\$ 46,525	\$ 625,117	\$ 776,727
Receivables	50,761	-	192,402	-	243,163
Due from other funds	16,406	-	-	-	16,406
Prepaid expenditures	-	250,159	-	-	250,159
<b>Total assets</b>	<b>\$ 127,517</b>	<b>\$ 294,894</b>	<b>\$ 238,927</b>	<b>\$ 625,117</b>	<b>\$ 1,286,455</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 16,700	\$ -	\$ -	\$ -	\$ 16,700
Unearned revenue	19,573	-	-	-	19,573
<b>Total liabilities</b>	<b>36,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,273</b>
<b>Fund Balances</b>					
Nonspendable	-	250,159	-	-	250,159
Restricted	91,244	44,735	203,011	625,117	964,107
Assigned	-	-	35,916	-	35,916
<b>Total fund balances</b>	<b>91,244</b>	<b>294,894</b>	<b>238,927</b>	<b>625,117</b>	<b>1,250,182</b>
<b>Total liabilities and fund balances</b>	<b>\$ 127,517</b>	<b>\$ 294,894</b>	<b>\$ 238,927</b>	<b>\$ 625,117</b>	<b>\$ 1,286,455</b>

**Calaveras Unified School District**  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental  
Funds  
June 30, 2020

	Child Development Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Revenues					
Other State sources	\$ 231,242	\$ -	\$ 128,604	\$ -	\$ 359,846
Other local sources	454,360	263,443	30,563	-	748,366
Total revenues	685,602	263,443	159,167	-	1,108,212
Expenditures					
Current					
Instruction	486,379	-	-	-	486,379
Instruction-related activities					
Supervision of instruction	31,730	-	-	-	31,730
Administration					
All other administration	18,481	3,250	-	-	21,731
Plant services	-	-	171,284	-	171,284
Community services	199,265	-	-	-	199,265
Capital outlay	-	-	92,649	-	92,649
Debt service					
Principal	-	200,000	-	-	200,000
Interest and other	-	45,116	-	-	45,116
Total expenditures	735,855	248,366	263,933	-	1,248,154
Net Change in Fund Balances	(50,253)	15,077	(104,766)	-	(139,942)
Fund Balance - Beginning	141,497	279,817	343,693	625,117	1,390,124
Fund Balance - Ending	\$ 91,244	\$ 294,894	\$ 238,927	\$ 625,117	\$ 1,250,182

**Note 1 - Purpose of Schedules**

**Schedule of Expenditures of Federal Awards (SEFA)**

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Calaveras Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Calaveras Unified School District, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance of Calaveras Unified School District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the (*identify the basis of accounting*) basis of accounting. No federal financial assistance has been provided to a subrecipient. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District had food commodities totaling \$44,503 in inventory.

SEFA Reconciliation

The following schedule provides 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.

Description	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues reported on the financial statements		\$ 2,213,871
Commodities are not recorded on the financial statements	10.555	29,479
Medical Assistance Program	93.778	<u>(66,700)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 2,176,650</u>

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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

Districts must maintain their instructional minutes at the 1986-1987 requirement, as required by *Education Code* Section 46201.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 52 days due to the pandemic. As a result, the District received credit for these 52 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

### **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 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.

### **Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances**

The Non-Major Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports  
June 30, 2020

# Calaveras Unified School District



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

Board of Trustees  
Calaveras Unified School District  
San Andreas, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calaveras Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Calaveras Unified School District's basic financial statements and have issued our report thereon dated February 9, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
February 9, 2021





## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Trustees  
Calaveras Unified School District  
San Andreas, California

### **Report on Compliance for Each Major Federal Program**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Calaveras 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 Calaveras 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 Calaveras Unified School District's compliance.

### Opinion on Each Major Federal Program

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

### Report on Internal Control over Compliance

Management of Calaveras 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 Calaveras 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 Calaveras Unified School District's internal control over compliance.

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
February 9, 2021



## Independent Auditor's Report on State Compliance

Board of Trustees  
Calaveras Unified School District  
San Andreas, California

### Report on State Compliance

We have audited Calaveras Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

### Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

### Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. 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 audit requirements of the *2019-2020 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 compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Compliance Requirements Tested

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

	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
<b>CHARTER SCHOOLS</b>	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

#### Early Retirement Incentive

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

#### Juvenile Court Schools

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

#### Middle or Early College High Schools

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

#### Apprenticeship: Related and Supplemental Instruction

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

#### District of Choice

We did not perform District of Choice procedures because the program is not offered by the District.

#### After/Before School Education and Safety Program:

We did not perform procedures for the After/Before School Education and Safety Program because the District does not offer the program.

#### Independent Study - Course Based

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

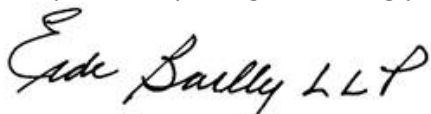
#### Charter Schools

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

#### ***Unmodified Opinion***

In our opinion, Calaveras Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Menlo Park, California  
February 9, 2021

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Title I	84.010
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

**STATE COMPLIANCE**

Type of auditor's report issued on compliance for programs:	Unmodified
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None reported.

None reported.



None reported.

The following finding represents a material instance of noncompliance including questioned costs that are required to be reported by the Uniform Guidance in the prior year. The finding has been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000, 60000	State Compliance

**2019-001      Instructional Minutes**

**Finding**

The summary of instructional minutes offered at each school site shows that the District did not offer the minimal number of annual instructional minutes in grades 4 through 6 with respect to one school.

**Recommendation**

Administrative staff at the District office input bell schedules into a computer system which then automatically calculates the instructional minutes offered at each site. The deficiency was identified per review of a summary sheet of minutes offered at all District schools. This deficiency should have been noticed by District staff and corrected at the beginning of the school year. The root cause of this finding is because there is no single person held accountable for compliance with instructional minutes. Our questions to resolve this discrepancy went answered for eight months. We recommend the District to appoint someone to be held accountable for compliance in this area.

We also recommend the District apply for a waiver with the California Department of Education to request corrective action in lieu of the financial penalty.

District personnel should also review the 2019-20 instructional minutes for compliance.

**Current Status**

The corrective action plan has been implemented in the current year.