



Financial Statements
June 30, 2021

Alvord Unified School District

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Independent Auditor's Report

To the Governing Board
Alvord Unified School District
Corona, 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 Alvord Unified School District (the District) as of and for the year ended June 30, 2021, 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 Alvord Unified School District, as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Alvord Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on page 72, schedule of changes in the District's total OPEB liability and related ratios on page 73, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 74, schedule of the District's proportionate share of the net pension liability on page 74, and the schedule of District contributions on page 76, 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 Alvord Unified School District's financial statements. The combining non-major governmental 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 non-major governmental 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 non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents 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 January 26, 2022 on our consideration of Alvord 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 Alvord 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 Alvord Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2022

This section of Alvord Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Alvord Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health or financial Position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide educational and support services to our students and not generate profit as commercial entities do, one must consider other factors when evaluating the District's overall health. Providing quality education and safe schools will be an essential component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, the District reports all of its services in the following category:

Governmental Activities - This includes the education of transitional kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, State, and local grants, and general obligation bonds finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management has established other funds to help control and manage money for particular purposes or show that it meets the legal responsibilities for using certain taxes, grants, and other money received from the U.S. Department of Education.

Governmental Funds - Most of the District's services are reported in governmental funds, focusing on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds 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 general government operations and the essential services the district provides. Governmental fund information helps determine whether there are more or fewer financial resources available in the near future to finance the District's programs. The differences in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for scholarship activities and Community Facilities Districts (CFD) activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position*. We exclude these activities from the District's other financial statements because these funds cannot be used to finance its general operations. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

Total net position decreased 11.1 percent over the course of the year. Overall revenues were \$308,740,401, \$4,891,100 less than expenses. The total cost of basic programs was \$313,631,501. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was \$52,859,743.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) is \$(143,991,878) for the fiscal year ended June 30, 2021. Of this amount, \$(299,683,799) was unrestricted (deficit). The restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	As restated 2020
Assets		
Current and other assets	\$ 137,511,278	\$ 77,835,450
Capital assets	<u>329,752,412</u>	<u>338,872,170</u>
Total assets	<u>467,263,690</u>	<u>416,707,620</u>
Deferred outflows of resources	<u>76,857,766</u>	<u>73,247,198</u>
Liabilities		
Current liabilities	64,059,791	23,448,506
Long-term liabilities	<u>593,769,341</u>	<u>586,514,581</u>
Total liabilities	<u>657,829,132</u>	<u>609,963,087</u>
Deferred inflows of resources	<u>30,284,202</u>	<u>19,092,509</u>
Net Position		
Net investment in capital assets	120,238,958	113,280,448
Restricted	35,452,963	20,218,484
Unrestricted (deficit)	<u>(299,683,799)</u>	<u>(272,599,710)</u>
Total net position (deficit)	<u>\$ (143,991,878)</u>	<u>\$ (139,100,778)</u>

Unrestricted net position (deficit) increased to \$(299,683,799) compared to \$(272,599,710), in the previous period.

Changes in Net Position

The results of this year's operations for the District are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them so you can see total revenues for the year more easily.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services	\$ 1,142,868	\$ 1,163,518
Operating grants and contributions	78,238,732	41,404,386
Capital grants and contributions	8,886,488	-
General revenues		
Federal and State aid not restricted	162,934,492	168,739,956
Property taxes	52,859,743	51,913,600
Other general revenues	<u>4,678,078</u>	<u>4,153,890</u>
Total revenues	<u>308,740,401</u>	<u>267,375,350</u>
Expenses		
Instruction-related	222,146,474	200,426,503
Pupil services	29,063,934	29,862,680
Administration	11,515,900	10,020,799
Plant services	26,557,454	25,674,851
All other services	<u>24,347,739</u>	<u>20,875,510</u>
Total expenses	<u>313,631,501</u>	<u>286,860,343</u>
Change in net position	<u>\$ (4,891,100)</u>	<u>\$ (19,484,993)</u>

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$313,631,501. The amount our taxpayers ultimately financed for these activities through local taxes was \$52,859,743. The District collected \$1,142,868 in charges for services from those that benefited from the programs. Other governmental agencies and organizations subsidized district programs with grants and contributions of \$87,125,220. The remaining "public benefit" portion of our governmental activities was paid with \$167,612,570 in unrestricted State and Federal funds and other revenues and other entitlements.

Table 3 presents the cost and net cost of the District's largest operational activities: instruction-related, including special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the District taxpayers' financial burden by each of these functions. Providing this information allows our citizens to consider each function's cost compared to the benefits they believe are provided by that activity.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 222,146,474	\$ 200,426,503	\$ 150,602,469	\$ 170,679,918
Pupil services	29,063,934	29,862,680	17,379,581	19,028,376
Administration	11,515,900	10,020,799	10,329,264	9,010,436
Plant services	26,557,454	25,674,851	25,692,144	25,496,972
All other services	<u>24,347,739</u>	<u>20,875,510</u>	<u>21,359,955</u>	<u>20,076,737</u>
Total	<u>\$ 313,631,501</u>	<u>\$ 286,860,343</u>	<u>\$ 225,363,413</u>	<u>\$ 244,292,439</u>

*The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$65,437,420, which increased \$18,958,882 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General Fund	\$ 23,909,013	\$ 268,611,960	\$ 255,714,574	\$ 36,806,399
Bond Interest and Redemption Fund	12,519,782	101,065,524	100,091,453	13,493,853
Student Activity Fund	801,707	402,127	454,777	749,057
Adult Education Fund	190,476	481,035	469,027	202,484
Cafeteria Fund	2,519,632	6,819,387	7,573,778	1,765,241
Building Fund	78,919	4,676,135	1,987,468	2,767,586
Capital Facilities Fund	573,752	3,471,218	2,399,042	1,645,928
County School Facilities Fund	-	8,886,926	6,990,728	1,896,198
Special Reserve Fund for Capital Outlay Projects	4,838,114	2,907,684	2,047,965	5,697,833
Capital Projects Fund for Blended Component Units	<u>1,047,143</u>	<u>412,858</u>	<u>1,047,160</u>	<u>412,841</u>
Total	<u>\$ 46,478,538</u>	<u>\$ 397,734,854</u>	<u>\$ 378,775,972</u>	<u>\$ 65,437,420</u>

The primary reasons for these increases/decreases are:

- The change to the General Fund balance is related to expenditures in the 2020-21 school year being lower than planned due to in-person school being delayed until March 2021 and the district's continued actions related to the COVID-19 pandemic. Additionally, one-time state restricted programs revenues were received that will not be spent until the 2021-22 school year.
- The changes in the Adult Education Fund balance is related to expenditures in the 2020-21 school year being lower than planned due to in-person school being delayed until March 2021 and the district's continued actions related to the COVID-19 pandemic. Carryover dollars will be used in 2021-22 to continue expanding services in our Adult Education program.
- The change to the Child Nutrition Services Fund balance is related to decreased participation in the National School Lunch Program as in-person school was delayed until March 2021.
- The change in the Building Fund balance is related to the receipt of state modernization dollars being received and the reimbursement of prior year project expenditures. These dollars will be spent on site projects using the Measures H Bond specifications.
- The change in the County School Facilities Fund balance is related to receipt of state revenues related to state-approved modernization projects. This fund balance will be spent on approved modernization project in the 2021-22 school year.
- The change in the Capital Facilities Fund balance is related to increase revenues from the Community Facilities Districts (CFDs). The district continues to use these funds for site improvement projects.
- The change in the Special Reserve Fund for Capital Outlay Project Fund balance is related to an increase in approved redevelopment agency (RDA) revenues received. Revenues in this fund are used to fund site repairs, district debt related to the energy program and the District Office lease.
- The change in the Bond Interest and Redemption Fund balance comes from property taxes reserved for future bond debt. This fund is stable as it serves as a holding fund.
- The change in the Capital Project Fund for Blended Component Units Fund balance is related to a draw on balances to fund district site improvement projects.

General Fund Budgetary Highlights

Throughout the school year, the District revises its budget as changes in revenues and expenditures occur. The Governing Board took action to adopt the District budget on June 17, 2021. (A schedule showing the District's original and final budget amounts compared with amounts paid and received is provided in the annual financial report on page 72.)

Total General Fund Revenues increased by \$39.8 million in 2020-21 from Budget Adoption to Actuals

- LCFF Revenues increased \$1.1 million due to an 1% supplemental COLA being received
- Federal Revenues changed by \$19.8 million due to additional COVID-19 revenues being received from the federal government
- State Revenues increased by \$2.8 million due to additional COVID-19 revenues being received from the state government
- Local Revenues increased \$15.9 million due to additional COVID-19 revenues being received from the city and county governments and an increase in Special Education revenues from the SELPA (Special Education Local Plan Area)

Budgeted expenditures increased by \$20.8 million due to increased revenues received, which are required to be spent on specific purposes and the in-person school reopening being delayed until March 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the District had \$329,752,412 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$9,119,758, or 2.7 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 30,653,329	\$ 28,824,364
Buildings and improvements	295,289,560	305,774,570
Equipment	<u>3,809,523</u>	<u>4,273,236</u>
Total	<u>\$ 329,752,412</u>	<u>\$ 338,872,170</u>

Note 4 of the financial statements provided additional information on the District's capital assets.

Long-Term Liabilities

The District had \$593,769,341 in long-term liabilities outstanding versus \$586,514,581 last year, a 1.2 percent increase at the end of this year. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 281,925,413	\$ 269,387,189
Capital leases	2,760,131	3,012,570
Early retirement liabilities	4,762,082	7,382,771
Compensated absences	1,145,185	1,233,054
Claims liability	4,218,529	4,211,447
Total OPEB liability	60,123,074	53,177,114
Aggregate net pension liability	<u>238,834,927</u>	<u>248,110,436</u>
Total	<u>\$ 593,769,341</u>	<u>\$ 586,514,581</u>

Notes 9, 10, and 14 of the financial statements contains additional information on the District's long-term obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the district's 2021-2022 General Fund Adopted Budget, the governing board and management used the following criteria:

The key assumptions for General Fund revenue projections are:

1. Local Control Funding Formula (LCFF) used a cumulative increase of 4.05% and used the prior year guarantee of prior-year Average Daily Attendance (ADA). LCFF revenues increased to 5.07% at First Interim reporting. ADA was frozen by the state at 2019-20 levels.
2. Federal income was budgeted at prior-year grant award levels. At First Interim reporting, federal revenue increases of \$8.3 million were related to COVID-19 one-time restricted grants
3. State Income was budgeted at prior-year restricted grant award levels; unrestricted lottery revenue was budgeted @ \$150 per annual ADA, restricted lottery revenue was budgeted @ \$49, \$10.9 million was included for STRS on Behalf. The adopted budget also included \$10.5 million in one-time Expanded Learning Opportunities (ELO) restricted grant revenues. Carryovers for our CTE and After School programs were added at First Interim reporting.
4. Local income is budgeted using predictable sources such as leases, interest, and Special Education funding from the Riverside County SELPA

Student Enrollment was projected to be 17,687. Actual student enrollment October CBEDS count is 17,679
Student Attendance, also known as Average Daily Attendance (ADA)

Grades transitional kindergarten through third	5,231
Grades four through six	3,980
Grades seven through eight	2,676
Grades nine through twelve	5,468

Key assumptions for expenditures projections are:

1. Staffing costs include increases for automatic salary step advancements, projected educational column movement for certificated staff, changes in known employee retirement percentages and positions approved by the board, as adjusted for student enrollment projections
2. In 2020-21 additional employee positions were added to address the recognized impact of the COVID-19 pandemic and student learning loss due to school closures from March 2020 to May 2020 and at-home learning from August 2020 thru March 2021, when the district resumed in-person instruction. These positions are funded with one-time restricted program funding received to address the impact of the COVID-19 pandemic.
3. The district budgets and spending funding received to effectively utilize funding to meet Local Control Accountability Plan (LCAP) goals and activities, restricted federal and state programs, and one-time funding received to address the impact of the COVID-19 pandemic
4. Support for our school site and department educational needs, maintenance of our school sites, and other general operating costs (such as insurance and utilities) that support the district's overall educational program

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, staff, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives and spends. If you have questions about this report or need any additional financial information, contact Dusty Nevatt, Chief Business Officer, Business Services at Alvord Unified School District, Corona, California. Dusty can be reached at (951) 509-5095 or email by: cbo@alvordschools.org.

Alvord Unified School District
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Deposits and investments	\$ 115,325,560
Receivables	21,840,038
Prepaid expense	209
Stores inventories	345,471
Capital assets not depreciated	30,653,329
Capital assets, net of accumulated depreciation	<u>299,099,083</u>
Total assets	<u>467,263,690</u>
Deferred Outflows of Resources	
Deferred charge on refunding	6,081,677
Deferred outflows of resources related to OPEB	9,070,364
Deferred outflows of resources related to pensions	<u>61,705,725</u>
Total deferred outflows of resources	<u>76,857,766</u>
Liabilities	
Accounts payable	12,204,986
Interest payable	2,295,251
Unearned revenue	3,579,554
Current loans	45,980,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	14,012,410
Long-term liabilities other than OPEB and pensions due in more than one year	280,798,930
Total other postemployment benefits (OPEB) liability	60,123,074
Aggregate net pension liability	<u>238,834,927</u>
Total liabilities	<u>657,829,132</u>
Deferred Inflows of Resources	
Deferred charge on refunding	395,161
Deferred inflows of resources related to OPEB	1,273,956
Deferred inflows of resources related to pensions	<u>28,615,085</u>
Total deferred inflows of resources	<u>30,284,202</u>
Net Position	
Net investment in capital assets	120,238,958
Restricted for	
Debt service	11,198,602
Capital projects	3,542,126
Educational programs	12,052,227
Self-Insurance	6,090,789
Cafeteria	1,419,770
Other restrictions	1,149,449
Unrestricted (deficit)	<u>(299,683,799)</u>
Total net position (deficit)	<u>\$ (143,991,878)</u>

Alvord Unified School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 192,028,582	\$ 72,607	\$ 54,895,533	\$ 8,886,488	\$ (128,173,954)
Instruction-related activities					
Supervision of instruction	10,077,690	-	4,220,897	-	(5,856,793)
Instructional library, media, and technology	2,496,735	-	483,731	-	(2,013,004)
School site administration	17,543,467	-	2,984,749	-	(14,558,718)
Pupil services					
Home-to-school transportation	3,157,833	-	736,813	-	(2,421,020)
Food services	8,493,914	(58,196)	7,296,238	-	(1,255,872)
All other pupil services	17,412,187	-	3,709,498	-	(13,702,689)
Administration					
Data processing	2,991,339	-	107,614	-	(2,883,725)
All other administration	8,524,561	-	1,079,022	-	(7,445,539)
Plant services	26,557,454	(973)	866,283	-	(25,692,144)
Ancillary services	2,706,188	(778)	579,235	-	(2,127,731)
Community services	2,000	-	-	-	(2,000)
Enterprise services	57,402	-	-	-	(57,402)
Interest on long-term liabilities	19,748,893	-	-	-	(19,748,893)
Other outgo	1,833,256	1,130,208	1,279,119	-	576,071
Total governmental activities	<u>\$ 313,631,501</u>	<u>\$ 1,142,868</u>	<u>\$ 78,238,732</u>	<u>\$ 8,886,488</u>	<u>(225,363,413)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					36,345,364
Property taxes, levied for debt service					13,626,987
Taxes levied for other specific purposes					2,887,392
Federal and State aid not restricted to specific purposes					162,934,492
Interest and investment earnings					766,115
Miscellaneous					3,911,963
Subtotal, general revenues and subventions					<u>220,472,313</u>
Change in Net Position					(4,891,100)
Net Position - Beginning, as restated					<u>(139,100,778)</u>
Net Position - Ending					<u>\$ (143,991,878)</u>

Alvord Unified School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 76,854,174	\$ 13,493,853	\$ 14,644,238	\$ 104,992,265
Receivables	19,523,951	-	2,313,115	21,837,066
Due from other funds	1,529,886	-	85,485	1,615,371
Prepaid expenditures	209	-	-	209
Stores inventories	<u>-</u>	<u>-</u>	<u>345,471</u>	<u>345,471</u>
Total assets	<u><u>\$ 97,908,220</u></u>	<u><u>\$ 13,493,853</u></u>	<u><u>\$ 17,388,309</u></u>	<u><u>\$ 128,790,382</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 11,576,301	\$ -	\$ 601,736	\$ 12,178,037
Due to other funds	85,480	-	1,529,891	1,615,371
Current loans	45,980,000	-	-	45,980,000
Unearned revenue	<u>3,460,040</u>	<u>-</u>	<u>119,514</u>	<u>3,579,554</u>
Total liabilities	<u>61,101,821</u>	<u>-</u>	<u>2,251,141</u>	<u>63,352,962</u>
Fund Balances				
Nonspendable	45,209	-	345,471	390,680
Restricted	12,052,227	13,493,853	9,093,864	34,639,944
Assigned	17,028,633	-	5,697,833	22,726,466
Unassigned	<u>7,680,330</u>	<u>-</u>	<u>-</u>	<u>7,680,330</u>
Total fund balances	<u>36,806,399</u>	<u>13,493,853</u>	<u>15,137,168</u>	<u>65,437,420</u>
Total liabilities and fund balances	<u><u>\$ 97,908,220</u></u>	<u><u>\$ 13,493,853</u></u>	<u><u>\$ 17,388,309</u></u>	<u><u>\$ 128,790,382</u></u>

Alvord Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 65,437,420

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	\$ 542,024,004
Accumulated depreciation is	<u>(212,271,592)</u>

Net capital assets	329,752,412
--------------------	-------------

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. (2,295,251)

An internal service fund is used by management to charge the costs
of the workers' compensation insurance program to the individual
funds. The assets and liabilities of the internal service fund are
included with governmental activities. 6,090,789

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

Deferred amount on refunding	6,081,677
Other postemployment benefits (OPEB) liability	9,070,364
Aggregate net pension liability	<u>61,705,725</u>

Total deferred outflows of resources	76,857,766
--------------------------------------	------------

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

Deferred amount on refunding	(395,161)
Other postemployment benefits (OPEB) liability	(1,273,956)
Aggregate net pension liability	<u>(28,615,085)</u>

Total deferred inflows of resources	(30,284,202)
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Aggregate net pension liability is not due and payable in the current
period, and is not reported as a liability in the funds. (238,834,927)

Alvord Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (60,123,074)
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	\$ (205,386,226)	
Unamortized premium on issuance	(10,204,040)	
Capital leases	(2,760,131)	
Compensated absences (vacations)	(1,145,185)	
Special termination benefits payable	(4,762,082)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(66,335,147)</u>	
Total long-term liabilities		<u>(290,592,811)</u>
Total net position - governmental activities		<u>\$ (143,991,878)</u>

Alvord Unified School District

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

Year Ended June 30, 2021

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 195,542,117	\$ -	\$ -	\$ 195,542,117
Federal sources	32,948,772	-	6,925,117	39,873,889
Other State sources	33,954,381	98,708	9,317,466	43,370,555
Other local sources	6,166,690	13,576,816	7,151,811	26,895,317
Total revenues	<u>268,611,960</u>	<u>13,675,524</u>	<u>23,394,394</u>	<u>305,681,878</u>
Expenditures				
Current				
Instruction	172,739,460	-	276,706	173,016,166
Instruction-related activities				
Supervision of instruction	9,400,656	-	101,779	9,502,435
Instructional library, media, and technology	2,361,603	-	-	2,361,603
School site administration	16,570,024	-	52,520	16,622,544
Pupil services				
Home-to-school transportation	2,368,765	-	-	2,368,765
Food services	828,380	-	7,363,329	8,191,709
All other pupil services	16,443,555	-	1,007	16,444,562
Administration				
Data processing	2,846,994	-	-	2,846,994
All other administration	8,005,616	-	132,648	8,138,264
Plant services	21,074,502	-	4,782,889	25,857,391
Ancillary services	2,188,184	-	454,777	2,642,961
Community services	2,000	-	-	2,000
Other outgo	517,981	-	-	517,981
Enterprise services	55,580	-	-	55,580
Facility acquisition and construction	28,423	-	3,755,857	3,784,280
Debt service				
Principal	-	6,445,000	252,439	6,697,439
Interest and other	282,851	7,112,505	1,133,018	8,528,374
Total expenditures	<u>255,714,574</u>	<u>13,557,505</u>	<u>18,306,969</u>	<u>287,579,048</u>
Excess of Revenues Over Expenditures	<u>12,897,386</u>	<u>118,019</u>	<u>5,087,425</u>	<u>18,102,830</u>
Other Financing Sources (Uses)				
Transfers in	-	-	4,662,976	4,662,976
Other sources - proceeds from issuance of refunding general obligation bonds	-	87,390,000	-	87,390,000
Transfers out	-	-	(4,662,976)	(4,662,976)
Other uses - payment to refunded bond escrow agent	-	(86,533,948)	-	(86,533,948)
Net Financing Sources	<u>-</u>	<u>856,052</u>	<u>-</u>	<u>856,052</u>
Net Change in Fund Balances	12,897,386	974,071	5,087,425	18,958,882
Fund Balance - Beginning, as restated	<u>23,909,013</u>	<u>12,519,782</u>	<u>10,049,743</u>	<u>46,478,538</u>
Fund Balance - Ending	<u>\$ 36,806,399</u>	<u>\$ 13,493,853</u>	<u>\$ 15,137,168</u>	<u>\$ 65,437,420</u>

See Notes to Financial Statements

Alvord 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, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 18,958,882
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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	\$ (13,151,136)
Capital outlays	<u>4,031,378</u>

Net expense adjustment	(9,119,758)
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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.

87,869

In the Statement of Activities, certain operating expenses, such as special termination benefits (supplemental early retirement plans) 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 the amount paid by the District and the amounts committed to annuities.

2,620,689

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.

(9,076,713)

Alvord 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, 2021

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.		\$ (2,296,056)
Proceeds received from the sale of General Obligation 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.		(87,390,000)
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.		
Deferred amount on refunding recognized		9,122,515
Premium amortization		2,060,841
Deferred gain on refunding amortization		(3,040,838)
Deferred loss on refunding amortization		39,516
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		82,541,158
Capital leases		252,439
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.		(8,964,763)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		<u>(686,881)</u>
Change in net position of governmental activities		<u>\$ (4,891,100)</u>

Alvord Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	\$ 10,333,295
Receivables	<u>2,972</u>
Total assets	<u>10,336,267</u>
Liabilities	
Current liabilities	
Accounts payable	26,949
Current portion of claims liabilities	<u>2,565,615</u>
Total current liabilities	<u>2,592,564</u>
Noncurrent liabilities	
Claims liabilities	<u>1,652,914</u>
Total liabilities	<u>4,245,478</u>
Net Position	
Restricted	<u>6,090,789</u>
Total net position	<u>\$ 6,090,789</u>

Alvord Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities - Internal <u>Service Fund</u>
Operating Revenues	
Charges to other funds	\$ 6,979,076
Other operating revenues	<u>693,136</u>
Total operating revenues	<u>7,672,212</u>
Operating Expenses	
Payroll costs	478,824
Professional and contract services	<u>7,922,350</u>
Total operating expenses	<u>8,401,174</u>
Operating Loss	<u>(728,962)</u>
Nonoperating Revenues	
Fair market value adjustments	785
Interest income	<u>41,296</u>
Total nonoperating revenues	<u>42,081</u>
Change in Net Position	(686,881)
Total Net Position - Beginning	<u>6,777,670</u>
Total Net Position - Ending	<u>\$ 6,090,789</u>

Alvord Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from interfund services provided	\$ 6,979,072
Other operating cash receipts	705,108
Cash payments to employees for services	(478,824)
Cash payments for insurance premiums	<u>(7,903,053)</u>
Net Cash Used for Operating Activities	<u>(697,697)</u>
Investing Activities	
Fair market value adjustments	785
Interest on investments	<u>41,296</u>
Net Cash From Investing Activities	<u>42,081</u>
Net Change in Cash and Cash Equivalents	(655,616)
Cash and Cash Equivalents, Beginning	<u>10,988,911</u>
Cash and Cash Equivalents, Ending	<u>\$ 10,333,295</u>
Reconciliation of Operating loss to Net Cash Used for Operating Activities	
Operating loss	\$ (728,962)
Changes in assets and liabilities	
Receivables	11,972
Accounts payable	12,215
Due to other fund	(4)
Claims liability	<u>7,082</u>
Net Cash Used for Operating Activities	<u>\$ (697,697)</u>

Alvord Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2021

	<u>Scholarship Trust</u>	<u>Custodial Funds</u>
Assets		
Deposits and investments	\$ 197,774	\$ 572,708
Receivables	<u>134</u>	<u>-</u>
Total assets	<u>\$ 197,908</u>	<u>\$ 572,708</u>
Net Position		
Restricted for individuals, organizations, and other governments	<u>\$ 197,908</u>	<u>\$ 572,708</u>

Alvord Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	<u>Scholarship Trust</u>	<u>Custodial Funds</u>
Additions		
Private donations	\$ 99,062	\$ -
Taxes	-	576,235
Interest	<u>630</u>	<u>46</u>
Total additions	<u>99,692</u>	<u>576,281</u>
Deductions		
Debt service payments	-	796,734
Other expenditures	17,590	700,034
Scholarships awarded	<u>12,750</u>	<u>-</u>
Total deductions	<u>30,340</u>	<u>1,496,768</u>
Net increase (decrease) in fiduciary net position	69,352	(920,487)
Net Position - Beginning, as restated	<u>128,556</u>	<u>1,493,195</u>
Net Position - Ending	<u>\$ 197,908</u>	<u>\$ 572,708</u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Alvord Unified School District was unified on July 1, 1960 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates fourteen elementary schools, four middle schools, three comprehensive high schools, and two continuation schools.

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

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 and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the primary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One 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. Specifically, Fund 14, Deferred Maintenance Fund is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions 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 \$522,091.

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **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).

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).

- **Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.
- **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).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

- **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).
- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation program and a health & welfare program that are accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District's trust funds are used to account for private scholarship activity. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are used to account for activity of various Community Facilities Districts.

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, of the District and for each governmental function, and exclude 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, except for depreciation. 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 program or business segment 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 internal service fund and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary 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 the 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 financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **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 statements 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 received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose 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 the County investment pool are determined by the program sponsor.

Prepaid Expenditures (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. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental 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. Capital assets are long-lived assets of the District. 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/infrastructure, five to 50 years; equipment, two 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 governmental activities columns of 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.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental 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 obligations 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 amount on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net 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 amount on refunding of debt, for pension related items, and 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 primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Current Loans

Current loans consist of amounts outstanding at year end for Tax Revenue and Anticipation Notes. The notes were issued as short-term liabilities to provide cash flow needs. This liability is offset with cash deposits in the County Treasurer, which have been set aside to repay the notes.

Fund Balances - Governmental Funds

As of June 30, 2021, 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 – amount 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 of 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 an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

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 their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$35,452,963 of restricted net position, which is restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

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. The County of Riverside bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental and a reclassification of agency funds to custodial funds. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 104,992,265
Proprietary funds	10,333,295
Fiduciary funds	<u>770,482</u>
Total deposits and investments	<u>\$ 116,096,042</u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 1,254,942
Cash with fiscal agent	1,332,649
Cash in revolving	45,000
Investments	<u>113,463,451</u>
Total deposits and investments	<u>\$ 116,096,042</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 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.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit 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 investing in the Riverside County Treasury Investment Pool and LAIF. The Riverside County Treasury Investment Pool and LAIF purchase a combination of shorter term and longer term investments and time cash flows from 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.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days
Local Agency Investment Fund	\$ 5,105,389	291
First American Treasury Obligation Money Market Funds, Class D	985,549	37
Riverside County Treasury Investment Pool	107,372,513	420
Total	<u>\$ 113,463,451</u>	

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 the Riverside County Treasury Investment Pool are rated Aaaf by Fitch Ratings. In addition, the First American Treasury Obligation Money Market Funds, Class D is rated Aaa by Moody's Investor Service. The investment with the Local Agency Investment Fund is not required to be rated, nor has it been rated as of June 30, 2021.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance of \$844,762 was exposed to custodial credit risk because it was uninsured and uncollateralized and \$781,050 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>	<u>Fiduciary Funds</u>
Federal Government					
Restricted programs	\$ 5,724,557	\$ 2,300,256	\$ -	\$ 8,024,813	\$ -
State Government					
LCFF apportionment	8,276,336	-	-	8,276,336	-
Restricted programs	1,820,505	817	-	1,821,322	-
Lottery	1,200,007	-	-	1,200,007	-
Special Education	2,252,004	-	-	2,252,004	-
Local Government					
Interest	42,908	10,934	2,972	56,814	134
Other local sources	<u>207,634</u>	<u>1,108</u>	<u>-</u>	<u>208,742</u>	<u>-</u>
Total	<u>\$19,523,951</u>	<u>\$ 2,313,115</u>	<u>\$ 2,972</u>	<u>\$21,840,038</u>	<u>\$ 134</u>

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 28,545,954	\$ -	\$ -	\$ 28,545,954
Construction in progress	<u>278,410</u>	<u>1,828,965</u>	<u>-</u>	<u>2,107,375</u>
Total capital assets not being depreciated	<u>28,824,364</u>	<u>1,828,965</u>	<u>-</u>	<u>30,653,329</u>
Capital assets being depreciated				
Land improvements	44,016,194	186,169	-	44,202,363
Buildings and improvements	444,664,935	1,759,383	-	446,424,318
Furniture and equipment	<u>20,487,133</u>	<u>256,861</u>	<u>-</u>	<u>20,743,994</u>
Total capital assets being depreciated	<u>509,168,262</u>	<u>2,202,413</u>	<u>-</u>	<u>511,370,675</u>
Total capital assets	<u>537,992,626</u>	<u>4,031,378</u>	<u>-</u>	<u>542,024,004</u>
Accumulated depreciation				
Land improvements	(31,502,981)	(1,268,392)	-	(32,771,373)
Buildings and improvements	(151,403,578)	(11,162,170)	-	(162,565,748)
Furniture and equipment	<u>(16,213,897)</u>	<u>(720,574)</u>	<u>-</u>	<u>(16,934,471)</u>
Total accumulated depreciation	<u>(199,120,456)</u>	<u>(13,151,136)</u>	<u>-</u>	<u>(212,271,592)</u>
Governmental activities capital assets, net	<u>\$ 338,872,170</u>	<u>\$ (9,119,758)</u>	<u>\$ -</u>	<u>\$ 329,752,412</u>

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

Governmental Activities	
Instruction	\$ 11,836,023
School site administration	52,604
Home-to-school transportation	789,068
Food services	118,360
Data processing	65,756
All other administration	118,360
Plant services	<u>170,965</u>
Total depreciation expenses governmental activities	<u>\$ 13,151,136</u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

Due To	General Fund	Due From Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 1,529,886	\$ 1,529,886
Non-Major Governmental Funds	85,480	5	85,485
Total	<u>\$ 85,480</u>	<u>\$ 1,529,891</u>	<u>\$ 1,615,371</u>

The balance of \$29,867 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from the transfer of indirect costs and salary costs.

A balance of \$1,500,019 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from temporary cash borrowing.

A balance of \$21,927 due to the Adult Education Non-Major Governmental Fund from the General Fund resulted from the transfer of Adult Education Grant revenues.

A balance of \$63,553 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from the transfer of salary costs.

All remaining balances resulted from the time lag between the date (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 Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

The County School Facilities Non-Major Governmental Fund transferred \$4,662,976 to the Build Non-Major Governmental Fund for capital project expenditures.

Note 6 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Vendor payables	\$ 2,717,204	\$ 542,160	\$ 2,801	\$ 3,262,165
LCFF apportionment	6,942,276	-	-	6,942,276
Salaries and benefits	<u>1,916,821</u>	<u>59,576</u>	<u>24,148</u>	<u>2,000,545</u>
Total	<u>\$ 11,576,301</u>	<u>\$ 601,736</u>	<u>\$ 26,949</u>	<u>\$ 12,204,986</u>

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal grants	\$ 2,394,418	\$ 3,098	\$ 2,397,516
State grants	744,906	-	744,906
Other local grants	<u>320,716</u>	<u>116,416</u>	<u>437,132</u>
Total	<u>\$ 3,460,040</u>	<u>\$ 119,514</u>	<u>\$ 3,579,554</u>

Note 8 - Tax and Revenue Anticipation Notes

The District issued \$45,980,000 of 2021 Series A Tax and Revenue Anticipation Notes, dated March 30, 2021, through the Riverside County Office of Education Pooled Cross Fiscal Year 2020-21 Tax and Revenue Anticipation Notes Program. The notes mature on December 1, 2021, and yield 2.00 percent interest. The notes were sold to provide operating cash prior to the District's receipt of anticipated tax payments and other revenues. Repayment requirements state that principal and interest will be paid using deferred state apportionment revenues received from July through November 2021.

The changes in the District's Tax and Revenue Anticipation Notes consisted of the following:

Issue Date	Interest Rate	Maturity Date	Outstanding July 1, 2020	Additions	Payments	Outstanding June 30, 2021
March 30, 2021	2.00%	12/1/2021	<u>\$ -</u>	<u>\$ 45,980,000</u>	<u>\$ -</u>	<u>\$ 45,980,000</u>

Note 9 - 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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 257,122,308	\$ 97,140,223	\$ (82,541,158)	\$ 271,721,373	\$ 8,815,000
Premium on issuance of debt	12,264,881	-	(2,060,841)	10,204,040	-
Capital leases	3,012,570	-	(252,439)	2,760,131	250,754
Supplemental Early Retirement Plan (SERP)	7,382,771	-	(2,620,689)	4,762,082	2,381,041
Compensated absences	1,233,054	-	(87,869)	1,145,185	-
Claims liability	4,211,447	7,789,880	(7,782,798)	4,218,529	2,565,615
Total	<u>\$ 285,227,031</u>	<u>\$ 104,930,103</u>	<u>\$ (95,345,794)</u>	<u>\$ 294,811,340</u>	<u>\$ 14,012,410</u>

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. General Fund makes payments for the capital leases. General Fund also makes payments supplemental early retirement plan (SERP). The compensated absences are paid primarily by the General Fund and the Cafeteria Fund. The claims liability is paid by the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
11/5/02	8/1/30	2.30-5.90	\$ 52,810,000	\$ 24,295,000	\$ -	\$ -	\$ (2,460,000)	\$ 21,835,000
6/15/11	8/1/46	3.00-5.10	56,941,560	112,866,862	-	8,902,010	(1,605,000)	120,163,872
11/21/13	8/1/42	5.00-5.25	78,998,673	78,970,446	-	848,213	(76,816,158)	3,002,501
5/24/18	8/1/32	3.00-5.00	43,300,000	40,990,000	-	-	(1,660,000)	39,330,000
8/27/20	8/1/42	0.334-2.955	87,390,000	-	87,390,000	-	-	87,390,000
				<u>\$ 257,122,308</u>	<u>\$ 87,390,000</u>	<u>\$ 9,750,223</u>	<u>\$ (82,541,158)</u>	<u>\$ 271,721,373</u>

2002 Refunding General Obligation Bonds, Series A

On November 5, 2002, the District issued the 2002 Refunding General Obligation Bonds, Series A in the amount of \$52,810,000. The bonds have a final maturity to occur August 1, 2030 with interest rates ranging from 2.30 to 5.90 percent. Proceeds from the sale of bonds were used to provide advance refunding of the District's \$12,000,000 1997 General Obligation Bonds, Series A, \$22,000,000 1997 General Obligation Bonds, Series B, \$14,000,000 General Obligation Bonds, Series C, and \$9,000,000 1997 General Obligation Bonds, Series D. As of June 30, 2021, the principal balance of \$21,835,000 remained outstanding and unamortized premium on issuance amounted to \$3,485.

2007 General Obligation Bonds, Series B

On June 15, 2011, the District issued the 2007 General Obligation Bonds, Series B in the amount of \$56,941,560. The Series B represents the second series of the authorized bonds not to exceed \$196,000,000 to be issued under the measure as approved by the voters. The Series B bonds were issued as capital appreciation bonds and convertible capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$210,049,593 and convertible capital appreciation bonds accreting to \$42,623,847. The Series B bonds will have an aggregate principal debt service balance of \$309,615,000.

The bonds have a final maturity to occur on August 1, 2046 with interest rates ranging from 3.00 to 5.10 percent. Proceeds from the sale of bonds were used for defeasance of the outstanding principal balance on the \$60,000,000 2009 General Obligation Bond Anticipation Notes. At June 30, 2021, the principal outstanding (including accretion) was \$120,163,872. Unamortized premium received on issuance amounted to \$4,905,313.

2012 General Obligation Bonds, Series A

On November 21, 2013, the District issued the 2012 General Obligation Bonds, Series A, in the amount of \$78,998,673. The Series A represents the first series of the reauthorized bonds not to exceed \$79,000,000 to be issued under the measure as approved by the voters. The Series A bonds were issued as current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$3,596,327 and an aggregate principal debt service balance of \$82,595,000. The bonds have a final maturity to occur on August 1, 2042 with interest rates ranging from 5.00 to 5.25 percent. Proceeds from the sale of the bonds were used for defeasance of the outstanding principal balance on the \$51,999,394 2010 General Obligation Bond Anticipation Notes and to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2021, the principal outstanding (including accretion) was \$3,002,501. Unamortized premium received on issuance was \$37,264.

2018 Refunding General Obligation Bonds

On May 24, 2018, the District issued the 2018 Refunding General Obligation Bonds in the amount of \$43,300,000. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2032 with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the sale of the bonds were used for defeasance of certain outstanding maturities on the 2007 General Obligation Bonds, Series A and to pay the costs of issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of the payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of \$10,032,028 over the life of the new debt and the economic gain of \$8,242,934 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.51 percent. At June 30, 2021, the principal outstanding was \$39,330,000. Unamortized premium received on issuance and deferred amount on refunding were \$5,257,978 and \$395,161, respectively.

2020 General Obligation Refunding Bonds

On August 27, 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of \$87,390,000. The bonds were issued as current interest bonds and have a final maturity date of August 1, 2042, with interest yields of 0.334 to 2.955 percent. The net proceeds of \$86,533,947 (representing the principal amount of \$87,390,000, less cost of issuance of \$856,053) were used to advance refund a portion of the District's 2012 General Obligation Bonds, Series A and to pay the costs of issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of \$16,112,482 over the life of the new debt and an economic gain of \$12,021,348, based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.64 percent. As of June 30, 2021, the principal balance outstanding was \$87,390,000 and deferred charges on refunding was \$6,081,677.

Debt Service Requirements to Maturity

The bonds mature through August 1, 2046 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2022	\$ 8,815,000	\$ -	\$ 5,364,516	\$ 14,179,516
2023	9,625,654	369,346	5,012,203	15,007,203
2024	10,292,361	807,639	4,734,574	15,834,574
2025	10,375,388	1,099,612	4,427,050	15,902,050
2026	10,818,588	1,461,412	4,090,857	16,370,857
2027-2031	45,269,493	6,135,507	35,576,322	86,981,322
2032-2036	34,812,791	6,067,209	30,916,624	71,796,624
2037-2041	49,247,318	39,322,682	27,132,530	115,702,530
2042-2046	76,687,280	123,997,720	20,353,785	221,038,785
2047	<u>15,777,500</u>	<u>6,857,500</u>	<u>831,836</u>	<u>23,466,836</u>
Total	<u>\$ 271,721,373</u>	<u>\$ 186,118,627</u>	<u>\$ 138,440,297</u>	<u>\$ 596,280,297</u>

Compensated Absences

Compensated absences (unpaid employee vacation), for the District at June 30, 2021, amounted to \$1,145,185.

Supplemental Early Retirement Plans (SERP)

During 2019, the District adopted supplemental early retirement plans whereby certain eligible employees were provided an annuity to supplement the retirement benefits they were entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 191 employees who retired during the 2018-2019 school year, were purchased from United of Omaha Life Insurance Company. As of June 30, 2021, the total balance of all outstanding obligations for the supplemental early retirement plans was \$4,762,082. Future payments are as follows:

Year Ending June 30,	Annual Payment
2022	\$ 2,381,041
2023	<u>2,381,041</u>
	<u>\$ 4,762,082</u>

Claims Liability

Liabilities associated with health and welfare and workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amounts of payouts and other economic and social factors. The liabilities for worker's compensation and health and welfare claims are reported in the Internal Service Fund. The outstanding claims liabilities at June 30, 2021, amounted to \$2,311,817 (discounted at 1.0 percent) and \$1,906,712 (undiscounted) for workers' compensation and health and welfare programs, respectively.

Capital Leases

The District has entered into an agreement to lease various equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on this lease agreement with options to purchase is summarized below:

	Energy Efficiency Project
Balance, July 1, 2020	\$ 3,485,678
Payments	<u>(338,297)</u>
Balance, July 1, 2021	<u>\$ 3,147,381</u>

The capital lease has minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2022	\$ 325,887
2023	331,592
2024	338,554
2025	349,908
2026	365,008
2027-2031	<u>1,436,432</u>
Total	3,147,381
Less amount representing interest	<u>(387,250)</u>
Present value of minimum lease payments	<u>\$ 2,760,131</u>

Building improvements included in the capital assets related to the lease agreement at June 30, 2021 include the following:

Building improvements	\$ 8,884,817
Less accumulated depreciation	<u>(1,999,084)</u>
Total	<u>\$ 6,885,733</u>

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

<u>OPEB Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 58,762,179	\$ 9,070,364	\$ 1,273,956	\$ 2,265,496
Medicare Premium Payment (MPP) Program	<u>1,360,895</u>	<u>-</u>	<u>-</u>	<u>30,560</u>
Total	<u>\$ 60,123,074</u>	<u>\$ 9,070,364</u>	<u>\$ 1,273,956</u>	<u>\$ 2,296,056</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are 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	156
Active employees	<u>1,420</u>
Total	<u>1,576</u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Alvord Education Association (AEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, AEA, CSEA, and District management. For measurement period of June 30, 2020, the District paid \$3,236,878 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$58,762,179 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 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 (measurement date). The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	2.20 percent
Healthcare cost trend rates	4.00 percent for 2020

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2020	<u>\$ 51,846,779</u>
Service cost	2,593,815
Interest	1,800,333
Differences between expected and actual experience	(174,316)
Changes of assumptions or other inputs	5,932,446
Benefit payments	<u>(3,236,878)</u>
Net change in total OPEB liability	<u>6,915,400</u>
Balance, June 30, 2021	<u>\$ 58,762,179</u>

There were no changes in benefits terms from 2020 to 2021.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.5 percent in 2019 to 2.2 percent in 2020.

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (1.20%)	\$ 62,598,301
Current discount rate (2.20%)	58,762,179
1% increase (3.20%)	54,037,637

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:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (3.0%)	\$ 51,868,294
Current healthcare cost trend rate (4.0%)	58,762,179
1% increase (5.0%)	67,499,084

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,265,496. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,479,341	\$ -
Differences between expected and actual experience	2,070,553	162,210
Changes of assumptions	<u>5,520,470</u>	<u>1,111,746</u>
Total	<u>\$ 9,070,364</u>	<u>\$ 1,273,956</u>

Amounts 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
2022	\$ 469,056
2023	469,056
2024	469,056
2025	469,056
2026	469,056
Thereafter	<u>3,971,787</u>
Total	<u>\$ 6,317,067</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$1,360,895 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.3211 percent, and 0.3572 percent, resulting in a net decrease in the proportionate share of 0.0361 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$30,650.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.21%)	\$ 1,504,848
Current discount rate (2.21%)	1,360,895
1% increase (3.21%)	1,238,401

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,233,969
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,360,895
1% increase (5.50% Part A and 6.40% Part B)	1,507,009

Note 11 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of \$8,746,000 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 45,000	\$ -	\$ -	\$ 45,000
Stores inventories	-	-	345,471	345,471
Prepaid expenditures	209	-	-	209
Total nonspendable	<u>45,209</u>	<u>-</u>	<u>345,471</u>	<u>390,680</u>
Restricted				
Legally restricted programs	12,052,227	-	-	12,052,227
Student activity	-	-	749,057	749,057
Adult education	-	-	202,484	202,484
Food service	-	-	1,419,770	1,419,770
Capital projects	-	-	6,722,553	6,722,553
Debt services	<u>-</u>	<u>13,493,853</u>	<u>-</u>	<u>13,493,853</u>
Total restricted	<u>12,052,227</u>	<u>13,493,853</u>	<u>9,093,864</u>	<u>34,639,944</u>
Assigned				
Alvord Cares	40,194	-	-	40,194
Textbooks	2,975,952	-	-	2,975,952
Hold for deficit spending	13,238,269	-	-	13,238,269
Deferred maintenance	522,091	-	-	522,091
Other assigned	252,127	-	-	252,127
Capital projects	<u>-</u>	<u>-</u>	<u>5,697,833</u>	<u>5,697,833</u>
Total assigned	<u>17,028,633</u>	<u>-</u>	<u>5,697,833</u>	<u>22,726,466</u>
Unassigned				
Reserve for economic uncertainties	<u>7,680,330</u>	<u>-</u>	<u>-</u>	<u>7,680,330</u>
Total	<u>\$ 36,806,399</u>	<u>\$ 13,493,853</u>	<u>\$ 15,137,168</u>	<u>\$ 65,437,420</u>

Note 13 - 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 the fiscal year ending June 30, 2021, the District contracted with Southern California Regional Liability Excess Fund (SoCal ReLiEF) and Schools Excess Liability Fund (SELF) risk management pools for property and liability insurance coverage. The District's member retention limit was \$50,000 and \$5,000, respectively for liability and property claims.

Workers' Compensation

For the fiscal year of 2021, the District participated in the Riverside Schools Risk Management Authority (RSRMA) joint powers agency. The intent of participation is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants of RSRMA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all participants. Each participant pays its workers' compensation premium based on the identified rate. Excess liability coverage for workers' compensation claims is provided through Star Insurance Company, a commercial insurance carrier.

Employee Medical Benefits

The District has contracted with Self Insured Schools of California (SISC) and Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee health benefits. Medical benefits are provided by United Health Care, Anthem Blue Cross, Blue Shield of California, and Kaiser. Dental benefits are provided by Delta Dental and MetLife Dental. Vision benefits are provided by Medical Eye Service and term life insurance is provided by Prudential Life and Mutual of Omaha Life.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	<u>Workers' Compensation</u>	<u>Health and Welfare</u>	<u>Total</u>
Liability Balance, July 1, 2019	\$ 4,183,842	\$ 779,220	\$ 4,963,062
Claims and changes in estimates	(418,874)	5,535,070	5,116,196
Claims payments	<u>(522,196)</u>	<u>(5,345,615)</u>	<u>(5,867,811)</u>
Liability Balance, June 30, 2020	3,242,772	968,675	4,211,447
Claims and changes in estimates	(272,052)	8,061,932	7,789,880
Claims payments	<u>(658,903)</u>	<u>(7,123,895)</u>	<u>(7,782,798)</u>
Liability Balance, June 30, 2021	<u>\$ 2,311,817</u>	<u>\$ 1,906,712</u>	<u>\$ 4,218,529</u>
Assets available to pay claims at June 30, 2021	<u>\$ 3,617,574</u>	<u>\$ 6,691,744</u>	<u>\$ 10,309,318</u>

Note 14 - 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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 178,599,838	\$ 50,683,270	\$ 21,552,649	\$ 22,742,145
CalPERS	<u>60,235,089</u>	<u>11,022,455</u>	<u>7,062,436</u>	<u>10,359,726</u>
Total	<u>\$ 238,834,927</u>	<u>\$ 61,705,725</u>	<u>\$ 28,615,085</u>	<u>\$ 33,101,871</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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/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, 2021, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

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, 2021, are presented above and the District's total contributions were \$11,325,367.

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

At June 30, 2021, 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	\$ 178,599,838
State's proportionate share of the net pension liability	<u>92,068,238</u>
Total	<u>\$ 270,668,076</u>

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively, was 0.1843 percent and 0.2019 percent, resulting in a net decrease in the proportionate share of 0.0176 percent.

Alvord Unified School District

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$22,742,145. In addition, the District recognized pension expense and revenue of \$12,897,857 for support provided by the State. At June 30, 2021, 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	\$ 17,780,900	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	10,928,704	16,515,827
Differences between projected and actual earnings on pension plan investments	4,242,505	-
Differences between expected and actual experience in the measurement of the total pension liability	315,147	5,036,822
Changes of assumptions	<u>17,416,014</u>	<u>-</u>
Total	<u>\$ 50,683,270</u>	<u>\$ 21,552,649</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 will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (2,588,751)
2023	1,445,499
2024	2,883,932
2025	<u>2,501,825</u>
Total	<u>\$ 4,242,505</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 seven years and will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	Deferred Outflows/(Inflows) <u>of Resources</u>
2022	\$ 3,324,100
2023	4,805,400
2024	4,997,135
2025	(2,147,921)
2026	(1,643,968)
Thereafter	<u>(2,227,530)</u>
Total	<u>\$ 7,107,216</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, 2019, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
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-2019) 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 January 2020 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, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	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%)	\$ 269,839,477
Current discount rate (7.10%)	178,599,838
1% increase (8.10%)	103,268,668

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, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report 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, 2021, 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	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$2,120,799.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$60,235,089. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively, was 0.1963 percent and 0.2255 percent, resulting in a net decrease in the proportionate share of 0.0292 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$10,359,726. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,244,258	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	315,934	7,062,436
Differences between projected and actual earnings on pension plan investments	1,253,903	-
Differences between expected and actual experience in the measurement of the total pension liability	2,987,476	-
Changes of assumptions	<u>220,884</u>	<u>-</u>
Total	<u>\$ 11,022,455</u>	<u>\$ 7,062,436</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 will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	Deferred Outflows/(Inflows) <u>of Resources</u>
2022	\$ (469,236)
2023	418,543
2024	727,495
2025	<u>577,101</u>
Total	<u>\$ 1,253,903</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 <u>June 30,</u>	Deferred Outflows/(Inflows) <u>of Resources</u>
2022	\$ (117,331)
2023	(1,238,381)
2024	(1,976,568)
2025	<u>(205,862)</u>
Total	<u>\$ (3,538,142)</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, 2019, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 86,598,925
Current discount rate (7.15%)	60,235,089
1% increase (8.15%)	38,354,429

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 \$10,419,392 (10.328 percent of annual payroll). 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 in these financial statements. On behalf payments have been included in the calculation of available reserves and have been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 15 - 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, 2021.

Litigation

The District is involved in various litigation 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, 2021.

Operating Leases

The District has entered into an operating lease for its District Office building with lease terms in excess of one year. The agreement contains a purchase option, but it does not meet the definition of a capital lease. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to lessor, but it is unlikely that the District will cancel the agreement prior to the expiration date. Future minimum lease payments under this agreement are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 1,522,627
2023	1,570,133
2024	1,618,770
2025	1,669,025
2026	1,721,099
2027-2031	<u>8,259,646</u>
Total	<u>\$ 16,361,300</u>

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
La Sierra Culinary	\$ 3,662,281	06/30/22
Collett Parking Lot	8,434	12/31/22
Hillcrest Slope/Drain	<u>1,332,036</u>	12/31/22
Total	<u>\$ 5,002,751</u>	

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Riverside Schools Risk Management Authority (RSRMA), Southern California Regional Liability Excess Fund (SoCal ReLiEF), Schools Excess Liability Fund (SELF), Self-Insured Schools of California (SISC), and Riverside County Employer/Employee Partnership for Benefits (REEP) public entity risk pools. The District pays an annual premium to RSRMA for workers' compensation coverage. The District pays an annual premium to SoCal ReLiEF for property and liability coverage. Payments for health benefits are paid to SISC and REEP. The relationship between the District and the pools is such that it is not a component unit of the District for financial reporting purposes.

During the year ended June 30, 2021, the District made payments of \$3,231,092, \$1,559,347, \$10,153, \$7,228,477, and \$147,613 to RSRMA, SoCal ReLiEF, SELF, SISC, and REEP for the services and coverage noted.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Alvord Unified School District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. Additionally, the District restated its custodial funds beginning net position that were previously reported as liabilities. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 9,248,036	\$ 45,676,831
Reclassification of student activity funds from agency funds to a special revenue fund	<u>801,707</u>	<u>801,707</u>
Fund Balance - Beginning as Restated July 1, 2020	<u>\$ 10,049,743</u>	<u>\$ 46,478,538</u>
Custodial Funds		
Beginning Net Position previously reported at June 30, 2020		\$ -
Inclusion of beginning net position from the adoption of GASB Statement No. 84		<u>1,493,195</u>
Net Position - Beginning as Restated July 1, 2020		<u>\$ 1,493,195</u>
Government-Wide Financial Statements		
Beginning Government-Wide Net Position previously reported at June 30, 2020		\$ (139,902,485)
Reclassification of student activity funds from agency funds to a special revenue fund		<u>801,707</u>
Net Position - Beginning as Restated July 1, 2020		<u>\$ (139,100,778)</u>



Required Supplementary Information
June 30, 2021

Alvord Unified School District

Alvord Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 194,244,321	\$ 195,313,666	\$ 195,542,117	\$ 228,451
Federal sources	12,401,292	33,701,511	32,948,772	(752,739)
Other State sources	17,959,796	31,631,699	33,954,381	2,322,682
Other local sources	<u>4,014,389</u>	<u>6,352,861</u>	<u>6,166,690</u>	<u>(186,171)</u>
Total revenues ¹	<u>228,619,798</u>	<u>266,999,737</u>	<u>268,611,960</u>	<u>1,612,223</u>
Expenditures				
Current				
Certificated salaries	106,806,797	112,457,552	114,471,036	(2,013,484)
Classified salaries	28,480,848	27,916,966	29,040,273	(1,123,307)
Employee benefits	66,164,296	67,923,160	66,490,126	1,433,034
Books and supplies	7,205,549	22,150,485	20,646,546	1,503,939
Services and operating expenditures	25,334,179	24,347,419	24,434,107	(86,688)
Other outgo	(184,793)	121,666	385,333	(263,667)
Capital outlay	<u>-</u>	<u>252,190</u>	<u>247,153</u>	<u>5,037</u>
Total expenditures ¹	<u>233,806,876</u>	<u>255,169,438</u>	<u>255,714,574</u>	<u>(545,136)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,187,078)</u>	<u>11,830,299</u>	<u>12,897,386</u>	<u>1,067,087</u>
Other Financing Sources (Uses)				
Other uses	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Net Change in Fund Balances	(6,187,078)	10,830,299	12,897,386	2,067,087
Fund Balance - Beginning	<u>23,909,013</u>	<u>23,909,013</u>	<u>23,909,013</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 17,721,935</u>	<u>\$ 34,739,312</u>	<u>\$ 36,806,399</u>	<u>\$ 2,067,087</u>

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this other fund are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Alvord Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 2,593,815	\$ 3,427,928	\$ 3,515,759	\$ 3,421,663
Interest	1,800,333	1,775,730	1,685,466	1,436,645
Difference between expected and actual experience	(174,316)	2,404,515	-	-
Changes of assumptions	5,932,446	(290,653)	(1,094,293)	-
Benefit payments	<u>(3,236,878)</u>	<u>(1,335,500)</u>	<u>(1,677,300)</u>	<u>(1,612,788)</u>
Net change in total OPEB liability	6,915,400	5,982,020	2,429,632	3,245,520
Total OPEB Liability - Beginning	<u>\$ 51,846,779</u>	<u>\$ 45,864,759</u>	<u>\$ 43,435,127</u>	<u>\$ 40,189,607</u>
Total OPEB Liability - Ending	<u>\$ 58,762,179</u>	<u>\$ 51,846,779</u>	<u>\$ 45,864,759</u>	<u>\$ 43,435,127</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Alvord Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	<u>0.3211%</u>	<u>0.3572%</u>	<u>0.3460%</u>	<u>0.3566%</u>
Proportionate share of the net OPEB liability	<u>\$ 1,360,895</u>	<u>\$ 1,330,335</u>	<u>\$ 1,324,268</u>	<u>\$ 1,500,388</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>-0.71%</u>	<u>-0.81%</u>	<u>-0.40%</u>	<u>0.01%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

Alvord Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS							
Proportion of the net pension liability	<u>0.1843%</u>	<u>0.2019%</u>	<u>0.1928%</u>	<u>0.1970%</u>	<u>0.2039%</u>	<u>0.2027%</u>	<u>0.1771%</u>
Proportionate share of the net pension liability	\$ 178,599,838	\$ 182,384,822	\$ 177,152,960	\$ 182,175,385	\$ 164,913,328	\$ 136,472,756	\$ 103,490,342
State's proportionate share of the net pension liability	<u>92,068,238</u>	<u>99,503,096</u>	<u>101,428,355</u>	<u>107,773,419</u>	<u>93,882,216</u>	<u>72,179,043</u>	<u>62,491,937</u>
Total	<u>\$ 270,668,076</u>	<u>\$ 281,887,918</u>	<u>\$ 278,581,315</u>	<u>\$ 289,948,804</u>	<u>\$ 258,795,544</u>	<u>\$ 208,651,799</u>	<u>\$ 165,982,279</u>
Covered payroll	<u>\$ 100,987,070</u>	<u>\$ 108,137,181</u>	<u>\$ 103,972,065</u>	<u>\$ 104,212,774</u>	<u>\$ 105,567,586</u>	<u>\$ 94,087,387</u>	<u>\$ 81,588,014</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>176.85%</u>	<u>168.66%</u>	<u>170.39%</u>	<u>174.81%</u>	<u>156.22%</u>	<u>145.05%</u>	<u>126.85%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	<u>0.1963%</u>	<u>0.2255%</u>	<u>0.2231%</u>	<u>0.2233%</u>	<u>0.1990%</u>	<u>0.2007%</u>	<u>0.1807%</u>
Proportionate share of the net pension liability	<u>\$ 60,235,089</u>	<u>\$ 65,725,614</u>	<u>\$ 59,487,602</u>	<u>\$ 53,308,071</u>	<u>\$ 39,209,748</u>	<u>\$ 29,589,636</u>	<u>\$ 20,518,289</u>
Covered payroll	<u>\$ 28,344,922</u>	<u>\$ 31,711,173</u>	<u>\$ 29,641,420</u>	<u>\$ 31,321,047</u>	<u>\$ 23,994,277</u>	<u>\$ 22,224,102</u>	<u>\$ 19,063,577</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>212.51%</u>	<u>207.26%</u>	<u>200.69%</u>	<u>170.20%</u>	<u>163.41%</u>	<u>133.14%</u>	<u>107.63%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2020	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.

Alvord Unified School District
Schedule of the District Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	\$ 17,780,900	\$ 17,268,789	\$ 17,604,733	\$ 15,003,169	\$ 13,109,967	\$ 11,327,402	\$ 8,354,960
Less contributions in relation to the contractually required contribution	<u>17,780,900</u>	<u>17,268,789</u>	<u>17,604,733</u>	<u>15,003,169</u>	<u>13,109,967</u>	<u>11,327,402</u>	<u>8,354,960</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 110,098,452</u>	<u>\$ 100,987,070</u>	<u>\$ 108,137,181</u>	<u>\$ 103,972,065</u>	<u>\$ 104,212,774</u>	<u>\$ 105,567,586</u>	<u>\$ 94,087,387</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS							
Contractually required contribution	\$ 6,244,258	\$ 5,589,902	\$ 5,727,672	\$ 4,603,609	\$ 4,349,867	\$ 2,842,602	\$ 2,615,999
Less contributions in relation to the contractually required contribution	<u>6,244,258</u>	<u>5,589,902</u>	<u>5,727,672</u>	<u>4,603,609</u>	<u>4,349,867</u>	<u>2,842,602</u>	<u>2,615,999</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 30,165,498</u>	<u>\$ 28,344,922</u>	<u>\$ 31,711,173</u>	<u>\$ 29,641,420</u>	<u>\$ 31,321,047</u>	<u>\$ 23,994,277</u>	<u>\$ 22,224,102</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.0620%</u>	<u>15.5310%</u>	<u>13.8880%</u>	<u>11.8470%</u>	<u>11.7710%</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 States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget 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.

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

Schedule of 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. 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 was updated from 3.5 percent in 2019 to 2.2 percent in 2020.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent since the previous valuation.

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 since the previous valuations 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 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, 2021

Alvord Unified School District

Alvord Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
English Language Acquisition State Grants - Gaining Early Awareness and Readiness for Undergraduate Programs Passed through California Department of Education (CDE)	84.365	[1]	\$ 10,353
English Language Acquisition State Grants - Limited English Proficiency	84.365	14346	659,267
English Language Acquisition State Grants - Immigrant Education Program	84.365	15146	<u>12,406</u>
Subtotal			<u>682,026</u>
Education Stabilization Fund			
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	\$ 1,059,866
COVID-19 Elementary and secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,584,996
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D	15535	<u>182,154</u>
Subtotal			<u>2,827,016</u>
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	6,459,778
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010	15438	<u>28,061</u>
Subtotal			<u>6,487,839</u>
Adult Education - Basic Grants to States ELA	84.002A	14508	21,976
Adult Education - Basic Grants to States Secondary	84.002	13978	<u>15,891</u>
Subtotal			<u>37,867</u>
Supporting Effective Instruction State Grants	84.367	14341	669,565
Student Support and Academic Enrichment Program	84.424	15396	510,489
Career and Technical Education - Basic Grants to States: Secondary	84.048	14894	161,148
Passed through Riverside County Special Education Local Plan Area Special Education Cluster (IDEA)			
Special Education Grants to States - Local Assistance	84.027	13379	3,152,862
Special Education Preschool Grants	84.173	13430	55,611
Special Education Grants to States - Mental Health	84.027A	15197	<u>141,714</u>
Total Special Education Cluster (IDEA)			<u>3,350,187</u>
Total U.S. Department of Education			<u>14,726,137</u>

Alvord Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed through CDE			
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	\$17,712,657
Passed Through Moreno Valley Unified School District			
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	21,927
Passed Through Riverside County Office of Education Foundation			
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	<u>730,000</u>
Subtotal			<u>18,464,584</u>
Total U.S. Department of Treasury			<u>18,464,584</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	41,000
National School Lunch Program - Commodities	10.555	13396	926,125
Summer Food Service Program for Children - Operations	10.559	13004	4,598,800
Summer Food Service Program for Children - Administration	10.559	13006	<u>471,941</u>
Total Child Nutrition Cluster			<u>6,037,866</u>
Child and Adult Care Food Program	10.558	13666	544,276
Fresh Fruit and Vegetable Program	10.582	14968	101,026
Total U.S. Department of Agriculture			<u>6,683,168</u>
Total Federal Financial Assistance			<u>\$39,873,889</u>

^[1] Direct award, PCA number not available.

ORGANIZATION

The Alvord Unified School District was unified on July 1, 1960 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates fourteen elementary schools, four middle schools, three comprehensive high schools, and two continuation schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Lizeth Vega	President	2024
Dr. Joanna Dorado	Vice President	2022
Julie Moreno	Clerk	2022
Carolyn Wilson	Member	2024
Robert Schwandt	Member	2022

ADMINISTRATION

NAME	TITLE
Dr. Allan Mucerino	Superintendent
Dr. Robert Presby	Assistant Superintendent, Human Resources
Dr. Sherri Kemp	Assistant Superintendent, Educational Services
Dusteen Nevatt	Chief Business Officer
Kevin Emenaker	Executive Director of Administrative Services

Alvord Unified School District
Schedule of Instructional Time
Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

Alvord Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Alvord Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	<u>\$ 248,899,633</u>	<u>\$ 268,428,018</u>	<u>\$ 238,524,932</u>	<u>\$ 240,843,066</u>
Expenditures	255,959,950	254,159,610	226,067,489	237,854,059
Other uses and transfers out	<u>1,010,000</u>	<u>1,517,981</u>	<u>1,480,082</u>	<u>5,295,758</u>
Total Expenditures and Other Uses	256,969,950	<u>255,677,591</u>	<u>227,547,571</u>	<u>243,149,817</u>
Increase/(Decrease) in Fund Balance	(8,070,317)	<u>12,750,427</u>	<u>10,977,361</u>	<u>(2,306,751)</u>
Ending Fund Balance	<u>\$ 28,213,991</u>	<u>\$ 36,284,308</u>	<u>\$ 23,533,881</u>	<u>\$ 12,556,520</u>
Available Reserves ²	<u>\$ 7,710,000</u>	<u>\$ 7,680,330</u>	<u>\$ 8,569,149</u>	<u>\$ 7,294,495</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.00%</u>	<u>3.77%</u>	<u>3.00%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 593,769,341</u>	<u>\$ 586,514,581</u>	<u>\$ 585,843,931</u>
TK-12 Average Daily Attendance at P-2	<u>17,354</u>	<u>17,355</u>	<u>17,355</u>	<u>17,579</u>

The General Fund balance has increased by \$23,727,788 over the past two years. However, the fiscal year 2021-2022 budget projects a decrease of \$8,070,317 (22.2 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$7,925,410 over the past two years.

Average daily attendance has decreased by 224 over the past two years. A further decline of one ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

Alvord Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 749,057	\$ 204,966	\$ 778,190	\$ 2,946,791	\$ 1,665,631
Receivables	-	16,968	2,285,661	4,705	2,202
Due from other funds	-	21,927	63,553	5	-
Stores inventories	-	-	345,471	-	-
Total assets	<u>\$ 749,057</u>	<u>\$ 243,861</u>	<u>\$ 3,472,875</u>	<u>\$ 2,951,501</u>	<u>\$ 1,667,833</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 11,510	\$ 88,101	\$ 183,915	\$ 21,905
Due to other funds	-	29,867	1,500,019	-	-
Unearned revenue	-	-	119,514	-	-
Total liabilities	<u>-</u>	<u>41,377</u>	<u>1,707,634</u>	<u>183,915</u>	<u>21,905</u>
Fund Balances					
Nonspendable	-	-	345,471	-	-
Restricted	749,057	202,484	1,419,770	2,767,586	1,645,928
Assigned	-	-	-	-	-
Total fund balances	<u>749,057</u>	<u>202,484</u>	<u>1,765,241</u>	<u>2,767,586</u>	<u>1,645,928</u>
Total liabilities and fund balances	<u>\$ 749,057</u>	<u>\$ 243,861</u>	<u>\$ 3,472,875</u>	<u>\$ 2,951,501</u>	<u>\$ 1,667,833</u>

Alvord Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 2,192,508	\$ 5,694,254	\$ 412,841	\$ 14,644,238
Receivables	-	3,579	-	2,313,115
Due from other funds	-	-	-	85,485
Stores inventories	-	-	-	345,471
Total assets	<u>\$ 2,192,508</u>	<u>\$ 5,697,833</u>	<u>\$ 412,841</u>	<u>\$ 17,388,309</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 296,305	\$ -	\$ -	\$ 601,736
Due to other funds	5	-	-	1,529,891
Unearned revenue	-	-	-	119,514
Total liabilities	<u>296,310</u>	<u>-</u>	<u>-</u>	<u>2,251,141</u>
Fund Balances				
Nonspendable	-	-	-	345,471
Restricted	1,896,198	-	412,841	9,093,864
Assigned	-	5,697,833	-	5,697,833
Total fund balances	<u>1,896,198</u>	<u>5,697,833</u>	<u>412,841</u>	<u>15,137,168</u>
Total liabilities and fund balances	<u>\$ 2,192,508</u>	<u>\$ 5,697,833</u>	<u>\$ 412,841</u>	<u>\$ 17,388,309</u>

Alvord Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ 59,795	\$ 6,865,322	\$ -	\$ -
Other State sources	-	421,199	9,779	-	-
Other local sources	<u>402,127</u>	<u>41</u>	<u>(55,714)</u>	<u>13,159</u>	<u>3,471,218</u>
Total revenues	<u>402,127</u>	<u>481,035</u>	<u>6,819,387</u>	<u>13,159</u>	<u>3,471,218</u>
Expenditures					
Current					
Instruction	-	276,706	-	-	-
Instruction-related activities					
Supervision of instruction	-	101,779	-	-	-
School site administration	-	52,520	-	-	-
Pupil services					
Food services	-	-	7,363,329	-	-
All other pupil services	-	1,007	-	-	-
Administration					
All other administration	-	15,703	116,945	-	-
Plant services	-	21,312	93,504	531,390	1,092,865
Ancillary services	454,777	-	-	-	-
Facility acquisition and construction	-	-	-	1,456,078	1,306,177
Debt service					
Principal	-	-	-	-	-
Interest and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>454,777</u>	<u>469,027</u>	<u>7,573,778</u>	<u>1,987,468</u>	<u>2,399,042</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(52,650)</u>	<u>12,008</u>	<u>(754,391)</u>	<u>(1,974,309)</u>	<u>1,072,176</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	4,662,976	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,662,976</u>	<u>-</u>
Net Change in Fund Balances	(52,650)	12,008	(754,391)	2,688,667	1,072,176
Fund Balance - Beginning, as restated	<u>801,707</u>	<u>190,476</u>	<u>2,519,632</u>	<u>78,919</u>	<u>573,752</u>
Fund Balance - Ending	<u>\$ 749,057</u>	<u>\$ 202,484</u>	<u>\$ 1,765,241</u>	<u>\$ 2,767,586</u>	<u>\$ 1,645,928</u>

Alvord Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 6,925,117
Other State sources	8,886,488	-	-	9,317,466
Other local sources	438	2,907,684	412,858	7,151,811
Total revenues	8,886,926	2,907,684	412,858	23,394,394
Expenditures				
Current				
Instruction	-	-	-	276,706
Instruction-related activities				
Supervision of instruction	-	-	-	101,779
School site administration	-	-	-	52,520
Pupil services				
Food services	-	-	-	7,363,329
All other pupil services	-	-	-	1,007
Administration				
All other administration	-	-	-	132,648
Plant services	1,334,150	1,709,668	-	4,782,889
Ancillary services	-	-	-	454,777
Facility acquisition and construction	993,602	-	-	3,755,857
Debt service				
Principal	-	252,439	-	252,439
Interest and other	-	85,858	1,047,160	1,133,018
Total expenditures	2,327,752	2,047,965	1,047,160	18,306,969
Excess (Deficiency) of Revenues Over Expenditures	6,559,174	859,719	(634,302)	5,087,425
Other Financing Sources (Uses)				
Transfers in	-	-	-	4,662,976
Transfers out	(4,662,976)	-	-	(4,662,976)
Net Financing Sources (Uses)	(4,662,976)	-	-	-
Net Change in Fund Balances	1,896,198	859,719	(634,302)	5,087,425
Fund Balance - Beginning, as restated	-	4,838,114	1,047,143	10,049,743
Fund Balance - Ending	\$ 1,896,198	\$ 5,697,833	\$ 412,841	\$ 15,137,168

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Alvord Unified School District (the District) under programs of the federal government for the year ended June 30, 2021. 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 Alvord Unified School District, it is not intended to and does not present the financial position, changes in fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the *modified accrual* basis of accounting. 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. No federal financial assistance has been provided to a subrecipient.

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, 2021, the District had food commodities totaling \$150,597 in inventory.

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 Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

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 Combining Balance Sheet and Combining 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, 2021

Alvord 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*

To the Governing Board
Alvord Unified School District
Corona, 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 Alvord Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Alvord Unified School District's basic financial statements and have issued our report thereon dated January 26, 2022.

Emphasis of Matter – Change in Accounting Principles

As discussed in Notes 1 and 17 to the financial statements, Alvord Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alvord 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 Alvord Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alvord 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 Alvord 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.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Alvord Unified School District
Corona, California

Report on Compliance for Each Major Federal Program

We have audited Alvord 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 Alvord Unified School District's major federal programs for the year ended June 30, 2021. Alvord 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 Alvord 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 Alvord 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 Alvord Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Alvord 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, 2021.

Report on Internal Control over Compliance

Management of Alvord 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 Alvord 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 Alvord 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.



Rancho Cucamonga, California
January 26, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
Alvord Unified School District
Corona, California

Report on State Compliance

We have audited Alvord Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 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, 2021.

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 *2020-2021 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
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	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
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

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.

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

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

We did not perform California Clean Energy Jobs Act procedures because the District completed its clean energy projects and submitted the associated final project completion reports in prior fiscal years.

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.

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

Unmodified Opinion

In our opinion, Alvord Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Alvord Unified School District

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	No
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(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
Education Stabilization Fund	84.425C, 84.425D
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
Dollar threshold used to distinguish between type A and type B programs	\$1,196,217
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.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

2020-001 Code 50000

Program Name: Title II, Part A – Supporting Effective Instruction
CFDA Number: 84.367
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a), local education agencies (LEAs) must provide timely and meaningful consultations with appropriate officials of private schools. LEAs must be able to demonstrate that eligible private schools were contacted and notified of the opportunity to participate in the Title II, Part A program.

Condition

Through inquiry with District personnel, it appears that records were not maintained to demonstrate that all private schools had been contacted and notified of the opportunity to participate in the Title II, Part A program for the 2019-2021 school year.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's inquiry with District personnel.

Effect

The District was not in compliance with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a).

Cause

The condition identified appears to have materialized due to private school correspondence records not being maintained by the District for certain private schools for the 2019-2021 school year.

Repeat Finding (Yes or No)

Yes.

Recommendation

It is recommended that the District maintain private school correspondence records, minutes from meetings with private school representatives, and written affirmations from private school officials to demonstrate compliance with provisions under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a).

Current Status

Implemented.

2020-002

Code 72000

Criteria or Specific Requirements

As required by California *Education Code* Section 33126(b) (8), the School Accountability Report Card (SARC) shall include, but is not limited to, an assessment of the safety, cleanliness, and adequacy of school facilities, including any need for maintenance.

Condition

The SARC includes, among other information, a report on the adequacy of school facilities as derived from the completion of a Facilities Inspection Tool (FIT). For Foothill Elementary School, Hillcrest High School, and Alvord Alternative Continuation School, the District was unable to provide a FIT that agreed to the facility ratings reported on each site's SARC. Without being able to compare the information, we could not determine if the facility status information in the SARC was accurately reported.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's inquiry with District personnel and through review of supporting documents.

Effect

The District has not complied with requirements identified in California *Education Code* Section 33126 (a) which states that the SARC shall provide data including adequacy of school facilities by which a parent can make meaningful comparisons between public schools. The adequacy of school facilities reported on the SARC could not be verified.

Cause

The condition identified appears to have materialized primarily due to the lack of a review process over this requirement.

Repeat Finding (Yes or No)

No.

Recommendation

The District should become familiar with requirements identified in California *Education Code* Section 33126. The Facility Inspection Tools should be kept on file to substantiate the condition of the District's facilities as reported on the SARC. Additionally, the District should provide management oversight to employees responsible for performing key compliance requirements.

Current Status

Implemented.