

San Pasqual Valley Unified School District

County of Imperial
Winter Haven, California

Audit Report

June 30, 2021



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



San Pasqual Valley Unified School District

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June 30, 2021

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Independent Auditor's Report

To the Board of Education
San Pasqual Valley Unified School District
Winter Haven, 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 the San Pasqual Valley Unified School District (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 an opinion 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 opinion.

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 the San Pasqual Valley 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents 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 an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information identified in the table of contents, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of San Pasqual Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co LLP

El Cajon, California
February 28, 2022

SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(Unaudited)

The discussion and analysis of San Pasqual Valley Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

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

FINANCIAL HIGHLIGHTS

- The revenue from federal and state aid not restricted for specific purposes was \$10,466,294. Property tax revenue (including property tax revenue levied for debt service) was \$1,977,674.
- Government wide expenditures for the year were \$16,617,313.
- Work in Progress increased \$3,956,688 during the year because of new construction at the District.

Overview of the Financial Statements

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

The Basic Financial Statements

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

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2020-21?"

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

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

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The School District as a Whole

The District's net position was \$10.98 million at June 30, 2021. Of this amount, unrestricted net position was \$4.39 million. A comparative analysis of government-wide data is presented in Table 1.

The District's net position increased \$211,807 this fiscal year (after restatement) (See Table 2). The District's expenses for instructional and pupil services represented 74% of total expenses. The administrative activities of the District accounted for just 10% of total costs. The remaining 16% was spent in the areas of plant services and other expenses. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

	Governmental Activities	
	June 30, 2021	June 30, 2020
Assets		
Cash	\$ 13,393,213	\$ 14,813,255
Accounts receivable	1,464,349	2,090,097
Stores inventory	7,286	5,272
Capital assets	19,315,119	15,979,566
Total Assets	<u>\$ 34,179,967</u>	<u>\$ 32,888,190</u>
Deferred Outflows of Resources		
Deferred outflows of resources - opeb	\$ 135,776	\$ 94,424
Deferred outflows of resources - pensions	3,171,688	3,933,367
Total Deferred Outflows	<u>\$ 3,307,464</u>	<u>\$ 4,027,791</u>
Liabilities		
Accounts payable and other current liabilities	1,210,919	899,544
Unearned revenue	215,274	85,231
Long-term liabilities	23,405,224	23,124,109
Total liabilities	<u>24,831,417</u>	<u>24,108,884</u>
Deferred Inflows of Resources		
Deferred inflows of resources - opeb	\$ 135,561	\$ 166,824
Deferred inflows of resources - pensions	1,539,467	1,943,667
Total Deferred Inflows	<u>\$ 1,675,028</u>	<u>\$ 2,110,491</u>
Net Position		
Net investment in capital assets	11,227,705	7,889,546
Restricted	4,143,729	7,840,229
Unrestricted	(4,390,448)	(5,033,169)
Total net position	<u>\$ 10,980,986</u>	<u>\$ 10,696,606</u>

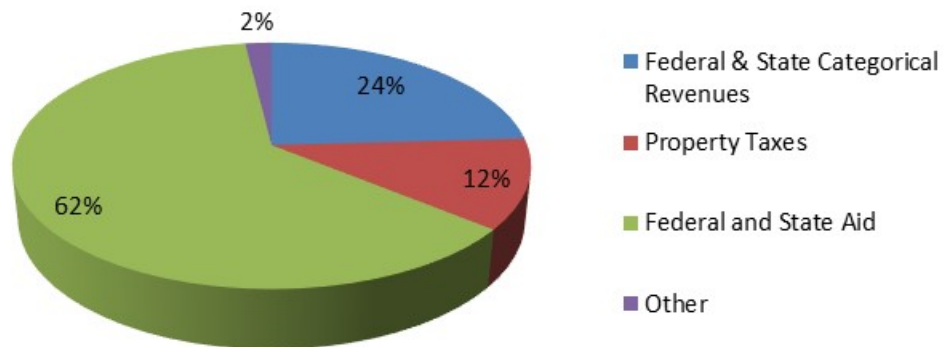
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues		
Program revenues	\$ 4,060,113	\$ 2,146,659
General revenues		
Taxes levied for general purposes	1,588,806	1,615,768
Taxes levied for debt service	388,868	422,094
Federal and state aid not restricted to specific purposes	10,466,294	10,939,182
Interest and investment earnings	242,616	226,755
Miscellaneous	82,423	221,592
Total Revenues	<u>\$ 16,829,120</u>	<u>\$ 15,572,050</u>
Expenses		
Instruction	8,280,503	7,535,776
Instruction related services	1,788,223	1,461,655
Pupil support services	2,172,986	2,319,973
General administration	1,738,069	1,496,220
Plant services	1,505,809	1,725,627
Other	1,131,723	1,302,687
Total Expenses	<u>16,617,313</u>	<u>15,841,938</u>
Increase (Decrease) in net position	<u>\$ 211,807</u>	<u>\$ (269,888)</u>

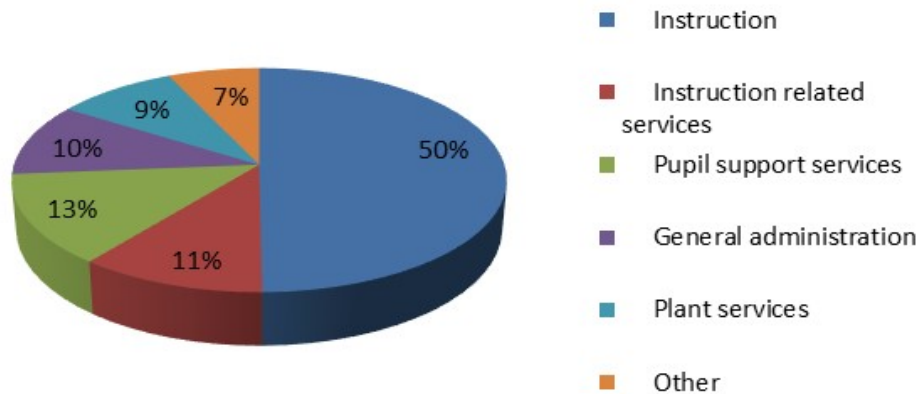
GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$16.6 million. The amount that our local taxpayers financed for these activities through property taxes was \$1.98 million. Federal and State aid not restricted to specific purposes totaled \$10.46 million. Operating grants and contributions revenue \$4.06 million (See Figure 1).

Sources of Revenue for the 2021-20 Fiscal Year - Figure 1



Expenses for the 2021-20 Fiscal Year - Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$13.57 million, a decrease of \$2.49 million from the previous fiscal year's combined ending balance of \$16.06 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.
- An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent). The analysis should include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$1.12 million.

The District ended the year with a \$1.11 million increase to the general fund ending balance. The State recommends available reserves of 3% of District expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates the Schedule of Capital Assets net of depreciation.

(Table 3)
Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2021 aand 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 66,865	\$ 66,865	\$ 0	0.0%
Site Improvements	664,448	687,108	(22,660)	-3.3%
Buildings	12,692,517	13,142,195	(449,678)	-3.4%
Equipment	712,559	861,356	(148,797)	-17.3%
Work in progress	<u>5,178,730</u>	<u>1,222,042</u>	<u>3,956,688</u>	<u>323.8%</u>
Total	<u>\$ 19,315,119</u>	<u>\$ 15,979,566</u>	<u>\$ 3,335,553</u>	

Long-Term Obligations

At June 30, 2021 the District had \$23.4 million in long-term debt and long term obligations outstanding.

(Table 4)
Comp. Schedule of Debt and Other Long Term Obligations
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 7,605,000	\$ 7,655,000
Bond Premium	482,414	485,020
Net OPEB liability	1,463,822	1,356,272
Net Pension liability	13,826,088	13,587,183
Compensated Absences	<u>27,900</u>	<u>40,630</u>
Total	<u>\$ 23,405,224</u>	<u>\$ 23,124,105</u>

FACTORS BEARING ON THE DISTRICT

These continue to be uncertain times. The District is open but has approximately 10% of our students on Independent Study. Our enrollment has continued to decline and our ADA continues to be held harmless based on a higher student enrollment count for the 2019-20 school year. We are not sure exactly how ADA funding will work in 2022-23 which causes some concern with the lower enrollment. We have received additional one-time COVID monies that will all be ending in 2024. The District will need to re-evaluate items and positions currently funded with one-time funding prior to the end date. Although there are some unknowns, The District has always been fiscally conservative and maintained adequate reserves so we will be prepared.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact, Chief Business Official, San Pasqual Valley Unified School District, 676 Baseline Road, Winterhaven, CA 92883.

Basic Financial Statements

San Pasqual Valley Unified School District

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Cash	\$ 13,393,213
Accounts Receivable	1,464,349
Inventory	7,286
Prepaid Expenses	-
Capital Assets:	
Land	66,865
Land Improvements	1,999,506
Buildings & Improvements	19,564,482
Equipment	3,562,295
Work In Progress	5,178,730
Less Accumulated Depreciation	(11,056,759)
Total Assets	<u>34,179,967</u>
Deferred Outflows of Resources	<u>3,307,464</u>
Liabilities	
Accounts Payable and Other Current Liabilities	1,210,919
Unearned Revenue	215,274
Long-Term Liabilities:	
Due Within One Year	85,766
Due In More Than One Year	23,319,458
Total Liabilities	<u>24,831,417</u>
Deferred Inflows of Resources	<u>1,675,028</u>
Net Position	
Net Investment in Capital Assets	11,227,705
Restricted For:	
Capital Projects	2,961,573
Debt Service	344,664
Educational Programs	206,391
Other Purposes (Expendable)	621,315
Other Purposes (Nonexpendable)	9,786
Unrestricted	(4,390,448)
Total Net Position	<u>\$ 10,980,986</u>

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Statement of Activities

For the Year Ended June 30, 2021

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					Governmental Activities
Instruction	\$ 8,280,503	\$ 68,819	\$ 2,253,410	\$ -	\$ (5,958,274)
Instruction-Related Services:					
Instructional Supervision and Administration	424,583	-	284,665	-	(139,918)
Instructional Library, Media and Technology	126,538	-	110,728	-	(15,810)
School Site Administration	1,237,102	-	125,149	-	(1,111,953)
Pupil Services:					
Home-to-School Transportation	519,015	-	13,836	-	(505,179)
Food Services	504,299	-	472,209	-	(32,090)
All Other Pupil Services	1,149,672	-	253,549	-	(896,123)
General Administration:					
Centralized Data Processing	156,515	-	10,807	-	(145,708)
All Other General Administration	1,581,554	-	354,256	-	(1,227,298)
Plant Services	1,505,809	-	110,302	-	(1,395,507)
Ancillary Services	42,930	-	-	-	(42,930)
Community Services	2,610	-	2,383	-	(227)
Interest on Long-Term Debt	331,118	-	-	-	(331,118)
Other Outgo	14,883	-	-	-	(14,883)
Depreciation (unallocated)	740,182	-	-	-	(740,182)
Total Governmental Activities	<u>\$ 16,617,313</u>	<u>\$ 68,819</u>	<u>\$ 3,991,294</u>	<u>\$ -</u>	<u>(12,557,200)</u>
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes				\$ 1,588,806	
Property Taxes, Levied for Debt Service				388,868	
Federal and State Aid Not Restricted for Specific Purposes				10,466,294	
Interest and Investment Earnings				242,616	
Miscellaneous				82,423	
Total General Revenues				<u>12,769,007</u>	
Change in Net Position					211,807
Net Position - Beginning of Year, As Restated (See Note R)					<u>10,769,179</u>
Net Position - Ending					<u>\$ 10,980,986</u>

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Assets				
Cash and Cash Equivalents	\$ 9,261,356	\$ 3,373,600	\$ 758,257	\$ 13,393,213
Accounts Receivable	1,360,134	8,601	95,614	1,464,349
Stores Inventories	-	-	7,286	7,286
Total Assets	<u>\$ 10,621,490</u>	<u>\$ 3,382,201</u>	<u>\$ 861,157</u>	<u>\$ 14,864,848</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	\$ 599,999	\$ 471,418	\$ 2,957	\$ 1,074,374
Unearned Revenue	215,274	-	-	215,274
Total Liabilities	<u>815,273</u>	<u>471,418</u>	<u>2,957</u>	<u>1,289,648</u>
Fund Balance:				
Nonspendable	2,500	-	7,286	9,786
Restricted	587,722	2,910,783	635,438	4,133,943
Committed	-	-	14,276	14,276
Assigned	7,999,206	-	201,200	8,200,406
Unassigned	1,216,789	-	-	1,216,789
Total Fund Balance	<u>9,806,217</u>	<u>2,910,783</u>	<u>858,200</u>	<u>13,575,200</u>
Total Liabilities and Fund Balances	<u>\$ 10,621,490</u>	<u>\$ 3,382,201</u>	<u>\$ 861,157</u>	<u>\$ 14,864,848</u>

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

Total fund balances governmental funds: \$ 13,575,200

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost	30,371,878	
Accumulated depreciation	(11,056,759)	
Net		19,315,119

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was: (136,545)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	8,087,414	
Total OPEB liability	1,463,822	
Net pension liability	13,826,088	
Compensated absences	27,900	
Total		(23,405,224)

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

Deferred outflows of resources relating to pensions	3,171,688	
Deferred inflows of resources relating to pensions	(1,539,467)	
Net		1,632,221

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued
June 30, 2021

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	135,776	
Deferred inflows of resources relating to OPEB	<u>(135,561)</u>	
	Net	<u>215</u>
Total net position governmental activities:		<u><u>\$ 10,980,986</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2021

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Revenues				
State Apportionment	\$ 4,125,221	\$ -	\$ -	\$ 4,125,221
Education Protection Account Funds	2,156,422	-	-	2,156,422
Property Taxes	1,588,806	-	388,869	1,977,675
Federal Revenue	6,141,482	-	531,132	6,672,614
Other State Revenue	1,414,259	-	193,250	1,607,509
Interest	80,899	56,033	6,097	143,029
Fair Market Value Adjustment	71,879	26,338	3,234	101,451
Other Local Revenue	236,553	-	6,130	242,683
Total Revenues	<u>15,815,521</u>	<u>82,371</u>	<u>1,128,712</u>	<u>17,026,604</u>
Expenditures				
Current Expenditures:				
Instruction	7,853,945	-	186,139	8,040,084
Instruction - Related Services	1,721,308	-	11,369	1,732,677
Pupil Services	1,621,164	-	496,671	2,117,835
Ancillary Services	42,930	-	-	42,930
Community Services	2,500	-	-	2,500
General Administration	1,697,013	-	-	1,697,013
Plant Services	1,404,656	-	72,332	1,476,988
Other Outgo	14,883	-	-	14,883
Capital Outlay	182,724	3,893,011	-	4,075,735
Debt Service:				
Principal	-	-	50,000	50,000
Interest	-	-	334,754	334,754
Total Expenditures	<u>14,541,123</u>	<u>3,893,011</u>	<u>1,151,265</u>	<u>19,585,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,274,398</u>	<u>(3,810,640)</u>	<u>(22,553)</u>	<u>(2,558,795)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	100,000	100,000
Transfers Out	(100,000)	-	-	(100,000)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	1,174,398	(3,810,640)	77,447	(2,558,795)
Fund Balance, Beginning of Year	8,631,819	6,721,423	780,753	16,133,995
Fund Balance, End of Year	<u>\$ 9,806,217</u>	<u>\$ 2,910,783</u>	<u>\$ 858,200</u>	<u>\$ 13,575,200</u>

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Total change in fund balances, governmental funds: \$ (2,558,795)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	4,075,735	
Depreciation expense	<u>(740,182)</u>	
Net		3,335,553

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 50,000

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 1,032

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 12,730

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (596,384)

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities, Continued
For the Year Ended June 30, 2021

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was: (34,935)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is: 2,606

Change in net position of governmental activities: \$ 211,807

The accompanying notes to the financial statements are an integral part of this statement.

San Pasqual Valley Unified School District

Notes to the Financial Statements

For the Year Ended June 30, 2021

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, capital facilities funds, debt service funds, and student-related activities.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB.

3. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of 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 general revenues of the District.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

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

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

Non-Major Governmental Funds

The District reports the following non-major governmental funds categorized by the fund type:

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

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

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

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

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

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

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

Bond Interest and Redemption Fund: The bond interest and redemption fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of Imperial Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

Fiduciary Funds

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

Student Body Fund: The student body fund is an agency fund, and therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code §48930 through §48938*).

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

4. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

5. Encumbrances

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

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1st. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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 year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including 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 are 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.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

b. 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, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, 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 government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the Imperial County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

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

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

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

e. Unearned Revenue

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

g. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

h. Minimum Fund Balance Policy

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 4% of the total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

i. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either 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. The Deferred Maintenance Fund (Fund 14), the Special Reserve Fund for Other than Capital Outlay (Fund 17), and the Special Reserve Fund for Other Postemployment Benefits (Fund 20) do not have continuing revenue sources that are either restricted or committed in nature. As such these funds do not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. These funds have been combined with the general fund for reporting purposes.

j. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

9. Pensions

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

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

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

10. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

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

11. Property Taxes

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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

12. Use of 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.

13. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

14. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2021. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 84, Fiduciary Activities	01/2017
GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61	08/2018
GASB Statement 93, Replacement of Interbank Offered Rates	03/2020
GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019	04/2019
GASB Implementation Guide No. 2019-2, Fiduciary Activities	06/2019

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2021:

- Associated Student Body Funds were previously accounted for as fiduciary funds. It was determined by the District, as a result of applying definitions in GASB Statement No. 84, that the funds are governmental rather than fiduciary. The District has accounted for these activities within the general fund.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

B. **Compliance and Accountability**

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

C. Fair Value Measurements

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
Imperial County Treasury	\$ 13,339,024	\$ -	\$ 13,339,024	\$ -
Total investments by fair value level	\$ 13,339,024	\$ -	\$ 13,339,024	\$ -

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 §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as 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 the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The Imperial County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

As of June 30, 2021 the District held the following cash and cash equivalents:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Cash in County Treasury	\$ 9,135,286	\$ 3,347,263	\$ 755,021	\$ 13,237,570
Cash in County Treasury - FMV Adjustment	71,881	26,337	3,236	101,454
Cash in Bank and in Revolving Fund	54,189	-	-	54,189
Total Cash and Cash Equivalents	\$ 9,261,356	\$ 3,373,600	\$ 758,257	\$ 13,393,213

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (\$13,237,570 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$13,339,024. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks (\$51,689 as of June 30, 2021) and in revolving fund (\$2,500 as of June 30, 2021) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2021, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 13,339,024

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2021, the District's bank balances did not exceed FDIC insurance limitations and as such were not exposed to custodial credit risk.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 maintains pooled investments with the Imperial County Treasury with a fair value of \$13,339,024. The average weighted maturity for this pool was 462 days at June 30, 2021.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2021 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total
	General Fund	Building Fund		
Federal Government:				
Special Education Program	\$ 156,516	\$ -	\$ -	\$ 156,516
Title I	139,741	-	-	139,741
Title II	20,678	-	-	20,678
Title III	9,178	-	-	9,178
Migrant Education	30,071	-	-	30,071
ESSER I	9,306	-	-	9,306
GEER (LLM)	34,846	-	-	34,846
Vocational Education	9,416	-	-	9,416
Indian Education	49,731	-	-	49,731
Child Nutrition	-	-	89,188	89,188
State Government:				
LCFF State Aid	686,546	-	-	686,546
Education Protection Account	21,982	-	-	21,982
Lottery	51,000	-	-	51,000
Special Education Program	46,972	-	-	46,972
ELO Grant	29,806	-	-	29,806
Child Nutrition	-	-	5,027	5,027
Local Sources				-
Interest	21,430	8,601	1,399	31,430
Other Local Sources	42,915	-	-	42,915
Total Accounts Receivable	<u>\$ 1,360,134</u>	<u>\$ 8,601</u>	<u>\$ 95,614</u>	<u>\$ 1,464,349</u>

F. Interfund Balances & Activities

1. Due To and From Other Funds

As of June 30, 2021 the District did not have any interfund receivables or interfund payables.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2021 consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
Nonmajor Govt. Funds	General Fund	\$ 25,000	Adult education contribution
Nonmajor Govt. Funds	General Fund	75,000	Child nutrition contribution
		<u>\$ 100,000</u>	

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

G. Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 66,865	\$ -	\$ -	\$ 66,865
Work in progress	1,222,042	3,956,688	-	5,178,730
Total capital assets not being depreciated	1,288,907	3,956,688	-	5,245,595
Capital assets being depreciated:				
Land improvements	1,932,545	66,961	-	1,999,506
Buildings and improvements	19,564,482	-	-	19,564,482
Equipment	3,510,209	52,086	-	3,562,295
Total capital assets being depreciated	25,007,236	119,047	-	25,126,283
Less accumulated depreciation for:				
Land improvements	(1,245,437)	(89,621)	-	(1,335,058)
Buildings and improvements	(6,422,287)	(449,678)	-	(6,871,965)
Equipment	(2,648,853)	(200,883)	-	(2,849,736)
Total accumulated depreciation	(10,316,577)	(740,182)	-	(11,056,759)
Total capital assets being depreciated, net	14,690,659	(621,135)	-	14,069,524
Governmental activities capital assets, net	\$ 15,979,566	\$ 3,335,553	\$ -	\$ 19,315,119

Depreciation of \$740,182 was not allocated to any function.

H. Accounts Payable

Accounts payable balances as of June 30, 2021 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund		
Vendors Payable	\$ 484,647	\$ 471,418	\$ 1,890	\$ 957,955
Payroll and Benefits	115,352	-	1,067	116,419
Total Accounts Payable	\$ 599,999	\$ 471,418	\$ 2,957	\$ 1,074,374

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

I. Unearned Revenue

Unearned revenue balances as of June 30, 2021 consisted of:

	General Fund
Federal Programs	
ESSA School Improvement	\$ 5,747
ESSER II	161,907
Medi-Cal Billing	18,661
State Programs	
K-12 Strong Workforce Grant	2,283
Other State Programs	26,676
Total Unearned Revenue	<u>\$ 215,274</u>

J. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. During the year ended June 30, 2021, the District did not enter into any short-term debt agreements.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2021 consisted of:

	Major Governmental Funds		Nonmajor	Total
	General	Building	Governmental	Governmental
	Fund	Fund	Funds	Funds
Nonspendable Fund Balance				
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ 2,500
Stores Inventory	-	-	7,286	7,286
Total Nonspendable Fund Balance	2,500	-	7,286	9,786
Restricted Fund Balance				
Capital Projects	4,528	2,910,783	46,262	2,961,573
Debt Service	-	-	344,664	344,664
Educational Programs	206,391	-	-	206,391
Child Nutrition Program	-	-	186,141	186,141
Other Purposes	376,803	-	58,371	435,174
Total Restricted Fund Balance	587,722	2,910,783	635,438	4,133,943
Committed Fund Balance				
Adult Education			14,276	14,276
		-	14,276	14,276
Assigned Fund Balance				
Capital Projects	2,000,000	-	201,200	2,201,200
New Bus	400,000	-	-	400,000
Economic Reserves	608,440	-	-	608,440
Impact Aid Contingency	3,417,688	-	-	3,417,688
Other Postemployment Benefits	1,070,763	-	-	1,070,763
Other Purposes	502,315	-	-	502,315
Total Assigned Fund Balance	7,999,206	-	201,200	8,200,406
Unassigned Fund Balance				
For Economic Uncertainties	1,216,789	-	-	1,216,789
Total Unassigned Fund Balance	1,216,789	-	-	1,216,789
Total Fund Balance	\$ 9,806,217	\$ 2,910,783	\$ 858,200	\$ 13,575,200

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

L. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 8,140,020	\$ -	\$ 52,606	\$ 8,087,414	\$ 57,866
Total OPEB Liability	1,356,272	107,550	-	1,463,822	-
Net Pension Liability	13,587,183	238,905		13,826,088	-
Compensated Absences*	40,630		12,730	27,900	27,900
Total Governmental Activities	<u>\$ 23,124,105</u>	<u>\$ 346,455</u>	<u>\$ 65,336</u>	<u>\$ 23,405,224</u>	<u>\$ 85,766</u>

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for compensated absences are made from the general fund.
- Payments for pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the general fund.

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 8, 2016 registered voters authorized the issuance of \$8,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, no amounts remain unissued.

General obligation bonds for the fiscal year ended June 30, 2021 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2016 Election, Series A	01/31/17	2.00 - 4.00%	08/01/46	\$ 5,500,000
2016 Election, Series B	10/17/18	3.75 - 5.25%	08/01/46	2,500,000
Total GO Bonds				<u>\$ 8,000,000</u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2016 Election, Series A					
Principal	\$ 5,155,000	\$ -	\$ -	\$ 5,155,000	\$ -
Premium	354,742	-	-	354,742	-
2016 Election, Series B					
Principal	2,500,000	-	50,000	2,450,000	55,000
Premium	130,278	-	2,606	127,672	2,866
Total	<u>\$ 8,140,020</u>	<u>\$ -</u>	<u>\$ 52,606</u>	<u>\$ 8,087,414</u>	<u>\$ 57,866</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 55,000	\$ 330,763	\$ 385,763
2023	65,000	327,763	392,763
2024	75,000	324,463	399,463
2025	85,000	321,013	406,013
2026	95,000	317,863	412,863
2027-2031	670,000	1,518,563	2,188,563
2032-2036	1,055,000	1,359,963	2,414,963
2037-2041	1,540,000	1,098,250	2,638,250
2042-2046	2,235,000	651,606	2,886,606
2047-2051	1,730,000	102,688	1,832,688
Total	<u>\$ 7,605,000</u>	<u>\$ 6,352,935</u>	<u>\$ 13,957,935</u>

Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	2016 Series A	2016 Series B
Total Interest Payments	\$ 5,201,663	\$ 2,310,704
Less Bond Premium	(396,831)	(130,278)
Net Interest Payments	<u>4,804,832</u>	<u>2,180,426</u>
PAR Amount of Bonds	5,500,000	2,500,000
Periods	30	30
Effective Interest Rate	2.91%	2.91%

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

3. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$27,900. This amount is included as part of long-term liabilities in the government-wide financial statements.

4. Net Pension Liability

The District's beginning net pension liability was \$13,587,183 and increased by \$238,905 during the year ended June 30, 2021 for an ending net pension liability of \$13,826,088. See Note M for additional information regarding the net pension liability.

5. Total OPEB Liability

The Districts beginning total OPEB liability was \$1,356,272 and increased during the year ended June 30, 2021 by \$107,550. The ending total OPEB liability at June 30, 2021 was \$1,463,822. See Note N for additional information regarding the total OPEB liability.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

M. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2020-21)	10.250%	10.205%
Required Employer Contribution Rates (2020-21)	16.150%	16.150%
Required State Contribution Rates (2020-21)	10.328%	10.328%

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

**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2020-21)	7.000%	7.000%
Required State Contribution Rates (2020-21)	20.700%	20.700%

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

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 16.15% of creditable compensation for the fiscal year ended June 30, 2021. Rates are defined in Education Code §22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2021, the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code §20825.2.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	\$ 729,062	\$ (156,873)
2020	10.328%	509,164	160,952
2021	10.328%	566,310	368,826

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	\$ 212,792	N/A

The contributions made by the State during the fiscal year ended June 30, 2019, included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional \$2.2 Billion to CalSTRS and \$904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 843,533	\$ 593,936	\$ 1,437,469
Contributions - State On Behalf Payments	566,310	-	566,310
Total Governmental Funds	<u>\$ 1,409,843</u>	<u>\$ 593,936</u>	<u>\$ 2,003,779</u>
Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 843,020	\$ 554,637	\$ 1,397,657
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	<u>\$ 843,020</u>	<u>\$ 554,637</u>	<u>\$ 1,397,657</u>

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

As of June 30, 2020 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	\$ 7,886,458	\$ 5,939,630	\$ 13,826,088

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to measurement date June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2020 and June 30, 2021 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2020	0.0089%	0.0050%	0.0139%	0.0190%
Proportion June 30, 2021	0.0081%	0.0058%	0.0139%	0.0194%
Change in Proportion	-0.0008%	0.0008%	0.0000%	0.0004%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (156,323)	\$ 395,228	\$ 238,905
State On Behalf Pension Expense	368,826	-	368,826
Employer Contributions to Pension Expense	843,533	593,936	1,437,469
Change in Contributions Subsequent to Measurement Date	(513)	(39,299)	(39,812)
Change in Other Deferred Outflows/Inflows of Resources	193,683	203,608	397,291
Total Pension Expense - Governmental	\$ 1,249,206	\$ 1,153,473	\$ 2,402,679

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Deferred Outflows and Inflows of Resources

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		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 843,533	\$ 593,936	\$ 1,437,469
Differences between actual and expected experience	12,370	316,285	328,655
Changes in assumptions	588,187	25,710	613,897
Changes in employer's proportionate share	435,397	77,874	513,271
Net difference between projected and actual earnings	155,903	122,493	278,396
Total Deferred Outflows of Resources	<u>\$ 2,035,390</u>	<u>\$ 1,136,298</u>	<u>\$ 3,171,688</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 189,677	\$ -	\$ 189,677
Changes in assumptions	-	-	-
Changes in employer's proportionate share	1,176,161	173,629	1,349,790
Net difference between projected and actual earnings	-	-	-
Total Deferred Inflows of Resources	<u>\$ 1,365,838</u>	<u>\$ 173,629</u>	<u>\$ 1,539,467</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2022. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 1,113,491	\$ 787,592	\$ (471,544)	\$ (142,061)	\$ 1,287,478
2023	458,405	151,019	(336,982)	(30,609)	241,833
2024	317,140	119,180	(336,958)	(959)	98,403
2025	122,429	78,507	(174,467)	-	26,469
2026	11,963	-	(34,694)	-	(22,731)
Thereafter	11,962	-	(11,193)	-	769
Total	<u>\$ 2,035,390</u>	<u>\$ 1,136,298</u>	<u>\$ (1,365,838)</u>	<u>\$ (173,629)</u>	<u>\$ 1,632,221</u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

a. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

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

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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.

In determining the long-term expected rate of return, CalSTRS and 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 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

CalPERS			
Asset Class⁽¹⁾	Assumed Asset Allocation	Real Return Years 1 - 10⁽²⁾	Real Return Years 11+⁽³⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the basic financial statements, fixed income is included in global debt securities; liquidity is included in short term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation of 2.00% is used for this period.

(3) An expected inflation of 2.92% is used for this period

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

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

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 11,915,340	\$ 8,539,301
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 7,886,458	\$ 5,939,630
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 4,560,049	\$ 3,782,033

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2020					
(Previously Reported)	\$ 45,762,530	\$ 33,206,580	\$ 12,555,950	\$ 4,513,169	\$ 8,042,781
Changes for the year					
CalSTRS auditor adjustment	(278)	-	(278)	(116)	(162)
Change in proportionate share	69,166	50,189	18,977	711,713	(692,736)
Service cost	1,021,949	-	1,021,949	424,620	597,329
Interest	3,248,796	-	3,248,796	1,349,875	1,898,921
Difference between expected and actual experience	(134,079)	-	(134,079)	(55,710)	(78,369)
Change in assumptions	143,268	-	143,268	59,528	83,740
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	846,527	(846,527)	(351,732)	(494,795)
Employee	-	520,030	(520,030)	(216,073)	(303,957)
State on oehalf	-	619,133	(619,133)	(257,250)	(361,883)
Net investment income	-	1,406,653	(1,406,653)	(584,464)	(822,189)
Other income	-	14,121	(14,121)	(5,867)	(8,254)
Benefit payments ⁽¹⁾	(2,231,118)	(2,231,118)	-	-	-
Administrative expenses	-	(30,473)	30,473	12,662	17,811
Borrowing costs	-	(13,184)	13,184	5,478	7,706
Other expenses	-	(882)	882	367	515
Net changes	2,117,704	1,180,996	936,708	1,093,031	(156,323)
Balance at June 30, 2021	\$ 47,880,234	\$ 34,387,576	\$ 13,492,658	\$ 5,606,200	\$ 7,886,458

(1) – Includes refunds of employee contributions

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020			
(Previously Reported)	\$ 18,510,541	\$ 12,966,138	\$ 5,544,403
Changes for the year			
Change in proportionate share	324,985	227,644	97,341
Service cost	445,791	-	445,791
Interest	1,336,612	-	1,336,612
Difference between expected and actual experience	87,587	-	87,587
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	554,828	(554,828)
Employee	-	202,869	(202,869)
Nonemployer	-	174,996	(174,996)
Net plan to plan resource movement	-	32	(32)
Net investment income	-	657,888	(657,888)
Benefit payments ⁽¹⁾	(904,281)	(904,281)	-
Administrative expenses	-	(18,509)	18,509
Other expenses	-	-	-
Net changes	1,290,694	895,467	395,227
Balance at June 30, 2021	\$ 19,801,235	\$ 13,861,605	\$ 5,939,630

(1) – Includes refunds of employee contributions

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

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

N. Postemployment Benefits Other Than Pension Benefits

1. Plan Description

Plan Administration. The San Pasqual Valley Unified School District (District) administers a single-employer healthcare plan (Plan). The District maintains the same plan for its retirees as for its active employees with the general exception that benefits end when the retiree attains age 65. The District administers health and welfare benefits for retirees, including medical, prescription drug, employee assistance, life, dental and vision benefits. Benefits are offered as a package through the Imperial County Schools VEBA.

Benefits Provided. Certificated unit members must attain age 55 and complete at least 10 years of continuous, full-time service and retire immediately under CalSTRS, to be eligible for District-paid retiree healthcare benefits.

The District pays the employee-only cost for eligible retirees. Retirees may elect dependent coverage and self-pay the excess over the District contribution. District paid benefits end at age 65.

If a retiree does not meet the requirements described above but has completed 10 years of District service and retires immediately under CalSTRS, he or she is eligible for COBRA only.

2. Contributions

The contribution requirements of the Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

3. Plan Membership

Membership of the plan consisted of the following as of June 30, 2021:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	43
	<u>49</u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

4. Total OPEB Liability

The San Pasqual Valley Unified School District's total OPEB liability of \$1,463,826 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

5. Actuarial Assumptions and Other Inputs

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

Actuarial Cost Method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary Increases	3.00%
Inflation Rate	3.00%
Healthcare Cost Trend Rate	5.90% for 2020 decreasing to 5.00% for 2029 and later years
Preretirement Mortality	Certificated: Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Classified: Preretirement Mortality Rates from CalPERS Experience Study (1997-2015).
Postretirement Mortality	Certificated: Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018). Classified: Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (1997-2015).

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

Discount Rate. GASB 75 requires a discount rate that reflects the following:

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

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s total OPEB liability is based on these requirements and the following information:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long-Term Expected Return of Plan Investments (if any)</u>	<u>Fidelity GO AA 20 Years Municipal Index</u>	<u>Discount Rate</u>
6/30/2020	6/30/2019	4.00%	3.13%	3.13%
6/30/2021	6/30/2020	4.00%	2.45%	2.45%

6. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	<u>\$ 1,356,276</u>
Changes for the year:	
Service cost	86,704
Interest	43,733
Changes of assumptions	69,356
Benefit payments	<u>(92,243)</u>
Net change	<u>107,550</u>
Balance at June 30, 2021	<u><u>\$ 1,463,826</u></u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

	<u>1% Decrease</u> <u>(1.45%)</u>	<u>Valuation</u> <u>Discount Rate</u> <u>(2.45%)</u>	<u>1% Increase</u> <u>(3.45%)</u>
Total OPEB Liability	\$ 1,573,324	\$ 1,463,826	\$ 1,363,242

8. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

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

	<u>1% Decrease</u> <u>4.90%</u> <u>Decreasing to</u> <u>4.00%</u>	<u>Healthcare Cost</u> <u>Trends Rate</u> <u>5.90%</u> <u>Decreasing to</u> <u>5.00%</u>	<u>1% Increase</u> <u>6.90%</u> <u>Decreasing to</u> <u>6.00%</u>
Total OPEB Liability	\$ 1,320,452	\$ 1,463,826	\$ 1,630,188

9. OPEB Expense

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$126,951.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

10. Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2021 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 133,054	\$ 27,284
Experience differences	-	108,277
Contributions made subsequent to measurement	2,722	-
Total	<u>\$ 135,776</u>	<u>\$ 135,561</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will impact OPEB expense under the following amortization schedule:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2022	\$ 30,499	\$ (31,263)	\$ (764)
2023	27,777	(31,263)	(3,486)
2024	27,777	(31,263)	(3,486)
2025	27,777	(31,263)	(3,486)
2026	17,612	(10,509)	7,103
Thereafter	4,334	-	4,334
Total	<u>\$ 135,776</u>	<u>\$ (135,561)</u>	<u>\$ 215</u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

O. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

P. Participation in Joint Powers Authorities

The District is a member of the Imperial County Schools VEBA, the Imperial County School Property/Liability Insurance (ICSPLI), and the Self Insurance Program for Imperial County (SIPIC) for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

Q. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. 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 as of June 30, 2021.

3. Construction Commitments

As of June 30, 2021, the District had the following outstanding construction commitments:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Construction in Process:		
SPVHS Gym	\$ 14,000,000	August 2022

*Expected date of completion subject to change

R. Adjustment to Beginning Balance

As a result of the implementation of GASB Statement No. 84, the District adjusted beginning fund balance/net position as follows:

	<u>Government-Wide Financial Statements</u>	<u>General Fund</u>
Beginning Net Position/Fund Balance as Reported in June 30, 2020 Audit Report	\$ 10,696,606	\$ 8,559,245
Restatements for:		
Rounding Variance	(1)	-
GASB 84 Implementation	72,574	72,574
Beginning Net Position/Fund Balance, as Restated	<u>\$ 10,769,179</u>	<u>\$ 8,631,819</u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

S. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred outflows of resources for OPEB related items as prescribed by the statement.

A summary of the deferred outflows of resources as of June 30, 2021 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 1,929,003	\$ 1,479,599	\$ 1,373,212	\$ 2,035,390
CalPERS	1,442,669	1,063,398	1,369,769	1,136,298
OPEB Related	94,424	72,078	30,726	135,776
Total Deferred Outflows of Resources	<u>\$ 3,466,096</u>	<u>\$ 2,615,075</u>	<u>\$ 2,773,707</u>	<u>\$ 3,307,464</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	OPEB Related	Pension Related	Total
2022	\$ 30,499	\$ 1,901,083	\$ 1,931,582
2023	27,777	609,404	637,181
2024	27,777	436,320	464,097
2025	27,777	200,936	228,713
2026	17,612	11,963	29,575
Thereafter	4,334	11,962	16,296
Total	<u>\$ 135,776</u>	<u>\$ 3,171,668</u>	<u>\$ 3,307,444</u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

T. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred inflows of resources for OPEB related items as prescribed by the statement.

A summary of the deferred inflows of resources as of June 30, 2021 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 1,066,281	\$ 771,105	\$ 471,548	\$ 1,365,838
CalPERS	315,691	-	142,062	173,629
OPEB Related	166,824	-	31,263	135,561
Total Deferred Inflows of Resources	<u>\$ 1,548,796</u>	<u>\$ 771,105</u>	<u>\$ 644,873</u>	<u>\$ 1,675,028</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	OPEB Related	Pension Related	Total
2022	\$ 31,263	\$ 613,605	\$ 644,868
2023	31,263	367,591	398,854
2024	31,263	337,917	369,180
2025	31,263	174,467	205,730
2026	10,509	34,694	45,203
Thereafter	-	11,193	11,193
Total	<u>\$ 135,561</u>	<u>\$ 1,539,467</u>	<u>\$ 1,675,028</u>

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

U. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 87, Leases	06/2017	2021-22
GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period	06/2018	2021-22
GASB Statement 91, Conduit Debt Obligations	05/2019	2022-23
GASB Statement 92, Omnibus 2020	01/2020	2021-22
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020	2022-23
GASB Statement 96, Subscription-Based Information Technology Arrangements	05/2020	2022-23
GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32	06/2020	2021-22
GASB Statement 98, The Annual Comprehensive Financial Report	10/2021	2021-22
GASB Implementation Guide No. 2019-3, Leases	08/2019	2021-22
GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020	04/2020	2021-22
GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021	05/2021	2021-22 Thru 2023-24

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2021

V. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the District from March 16, 2020, and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. The District established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California school districts are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The District has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

Required Supplementary Information

San Pasqual Valley Unified School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance to Final Budget Positive (Negative)
	Original	Final		
Revenues				
LCFF Sources				
State Apportionment	\$ 4,752,686	\$ 4,904,448	\$ 4,125,221	\$ (779,227)
Education Protection Account	891,988	1,362,727	2,156,422	793,695
Property Taxes	1,622,425	1,610,787	1,588,806	(21,981)
Federal Revenue	4,803,668	5,956,758	6,141,482	184,724
Other State Revenue	932,989	1,154,700	1,414,259	259,559
Interest & Investment Income	68,050	75,000	114,527	39,527
Other Local Revenue	225,546	260,920	236,554	(24,366)
Total Revenues	<u>13,297,352</u>	<u>15,325,340</u>	<u>15,777,271</u>	<u>451,931</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	5,444,633	5,473,555	5,407,353	66,202
Classified Salaries	2,845,888	2,801,719	2,666,979	134,740
Employee Benefits	3,446,755	3,604,593	3,438,462	166,131
Books and Supplies	792,248	1,580,531	1,015,489	565,042
Services and Other Operating	2,172,602	2,395,007	1,815,233	579,774
Other Outgo	27,878	27,878	14,883	12,995
Capital Outlay	270,000	366,100	182,724	183,376
Total Expenditures	<u>15,000,004</u>	<u>16,249,383</u>	<u>14,541,123</u>	<u>1,708,260</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,702,652)</u>	<u>(924,043)</u>	<u>1,236,148</u>	<u>2,160,191</u>
Other Financing Sources				
Transfers Out	<u>(211,005)</u>	<u>(197,658)</u>	<u>(122,658)</u>	<u>75,000</u>
Total Other Financing Sources	<u>(211,005)</u>	<u>(197,658)</u>	<u>(122,658)</u>	<u>75,000</u>
Net Change in Fund Balance	<u>(1,913,657)</u>	<u>(1,121,701)</u>	<u>1,113,490</u>	<u>2,310,191</u>
Fund Balance - Beginning of Year	<u>6,456,396</u>	<u>6,456,396</u>	<u>6,456,396</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,542,739</u>	<u>\$ 5,334,695</u>	<u>\$ 7,569,886</u>	<u>\$ 2,310,191</u>

See Accompanying Notes to Required Supplementary Information

San Pasqual Valley Unified School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0081%	0.0089%	0.0098%	0.0086%	0.0094%	0.0075%	0.0102%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 7,886,458	\$ 8,042,781	\$ 8,996,776	\$ 7,964,399	\$ 7,637,981	\$ 5,076,949	\$ 5,991,890	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	5,606,200	4,513,170	4,492,690	5,202,014	4,136,265	2,346,239	2,346,239	N/A	N/A	N/A
Total	<u>\$ 13,492,658</u>	<u>\$ 12,555,951</u>	<u>\$ 13,489,466</u>	<u>\$ 13,166,413</u>	<u>\$ 11,774,246</u>	<u>\$ 7,423,188</u>	<u>\$ 8,338,129</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	5,009,871	4,786,265	5,198,406	4,553,704	4,691,845	3,484,871	\$ 4,543,452	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.42%	168.04%	173.07%	174.90%	162.79%	145.69%	131.88%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

San Pasqual Valley Unified School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 843,533	\$ 856,688	\$ 779,204	\$ 750,130	\$ 572,856	\$ 503,435	\$ 309,457	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(843,533)	(856,688)	(779,204)	(750,130)	(572,856)	(503,435)	(309,457)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
District's covered payroll**	\$ 5,223,115	\$ 5,009,871	\$ 4,786,265	\$ 5,198,406	\$ 4,553,704	\$ 4,691,845	\$ 3,484,871	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

San Pasqual Valley Unified School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0194%	0.0190%	0.0190%	0.0197%	0.0225%	0.0219%	0.0231%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 5,939,630	\$ 5,544,402	\$ 5,077,197	\$ 4,694,077	\$ 4,440,719	\$ 3,233,547	\$ 2,625,759	N/A	N/A	N/A
District's covered payroll**	\$ 2,813,356	\$ 2,662,324	\$ 2,538,987	\$ 2,525,490	\$ 2,722,808	\$ 2,439,546	\$ 2,431,952	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

San Pasqual Valley Unified School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 593,936	\$ 554,637	\$ 480,869	\$ 394,330	\$ 350,740	\$ 322,571	\$ 287,159	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(593,936)	(554,637)	(480,869)	(394,330)	(350,740)	(322,571)	(287,159)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
District's covered payroll**	\$ 2,869,256	\$ 2,812,418	\$ 2,662,324	\$ 2,538,987	\$ 2,525,490	\$ 2,722,808	\$ 2,439,546	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

San Pasqual Valley Unified School District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios – SPVUSD Retiree Health Plan Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ 86,704	\$ 74,805	\$ 100,354	\$ 97,431	N/A	N/A	N/A	N/A	N/A	N/A
Interest	43,733	50,365	40,521	38,265	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Adjustments to balances	-	(157,495)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	69,356	108,415	(47,246)	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(92,243)	(71,982)	(71,597)	(55,714)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	107,550	4,108	22,032	79,982	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	1,356,276	1,352,168	1,330,136	1,250,154	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 1,463,826</u>	<u>\$ 1,356,276</u>	<u>\$ 1,352,168</u>	<u>\$ 1,330,136</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	4,036,269	4,525,611	4,031,088	\$ 4,031,088	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	36.27%	29.97%	33.54%	33.00%	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Accompanying Notes to Required Supplementary Information

San Pasqual Valley Unified School District

Notes to Required Supplementary Information

For the Year Ended June 30, 2021

Budgetary Comparison Schedule Reconciliation

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Deferred Maintenance Fund (Fund 14), Special Reserve Fund for Other Than Capital Outlay (Fund 17), and Special Reserve Fund for Postemployment Benefits (Fund 20) do not meet the definition of a special revenue fund and are therefore included with the General Fund for reporting purposes. The budgetary comparison schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below represents a reconciliation between the schedules:

General Fund - Basic Financial Statements Ending Fund Balance	\$ 9,806,217
Less Fund 14 Fund Balance	(468)
Less Fund 17 Fund Balance	(1,165,100)
Less Fund 20 Fund Balance	<u>(1,070,763)</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 7,569,886</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 1,174,398
Less Fund 14 Net Change in Fund Balance	(7)
Less Fund 17 Net Change in Fund Balance	(20,040)
Less Fund 20 Net Change in Fund Balance	<u>(40,861)</u>
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 1,113,490</u>

In addition, the District transferred funds from the General Fund to the Special Reserve Fund for Other Postemployment Benefits to set aside funds for OPEB in the amount of \$36,005. This amount was eliminated from the financial statements in the combining of the funds.

Excess of Expenditures Over Appropriations

As of June 30, 2021, the District did not have any expenditures in excess of appropriations.

San Pasqual Valley Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019 (released in May 2020). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.60%	7.60%	7.60%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/20	06/30/19
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

San Pasqual Valley Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019, valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the Plan. These new assumptions are incorporated into the June 30, 2018, actuarial valuations.

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.50%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

San Pasqual Valley Unified School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

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

1. Benefit Changes: There were no benefit changes during the 2020-21 fiscal year
2. Changes in Assumptions: Discount rate has been updated each fiscal year to be consistent with requirements in GASB Statement 75.
3. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.
4. The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.13%
2019	3.62%
2020	3.13%
2021	2.45%

Combining Statements as Supplementary Information

San Pasqual Valley Unified School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund Bond Interest & Redemption Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 167,358	\$ 246,940	\$ 343,959	758,257
Accounts Receivable	94,388	522	704	95,614
Stores Inventories	7,286	-	-	7,286
Total Assets	<u>\$ 269,032</u>	<u>\$ 247,462</u>	<u>\$ 344,663</u>	<u>\$ 861,157</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	\$ 2,957	\$ -	\$ -	\$ 2,957
Total Liabilities	<u>2,957</u>	<u>-</u>	<u>-</u>	<u>2,957</u>
Fund Balance:				
Nonspendable	7,286	-	-	7,286
Restricted	244,513	46,262	344,663	635,438
Committed	14,276	-	-	14,276
Assigned	-	201,200	-	201,200
Total Fund Balance	<u>266,075</u>	<u>247,462</u>	<u>344,663</u>	<u>858,200</u>
Total Liabilities and Fund Balances	<u>\$ 269,032</u>	<u>\$ 247,462</u>	<u>\$ 344,663</u>	<u>\$ 861,157</u>

San Pasqual Valley Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund Bond Interest & Redemption Fund	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$ -	\$ -	\$ 388,869	\$ 388,869
Federal Revenue	531,132	-	-	531,132
Other State Revenue	193,250	-	-	193,250
Interest	1,589	2,291	2,217	6,097
FMV Adjustment	1,307	1,927	-	3,234
Other Local Revenue	421	5,709	-	6,130
Total Revenues	<u>727,699</u>	<u>9,927</u>	<u>391,086</u>	<u>1,128,712</u>
Expenditures				
Current Expenditures:				
Instruction	186,139	-	-	186,139
Instruction - Related Services	11,369	-	-	11,369
Pupil Services	496,671	-	-	496,671
Plant Services	72,332	-	-	72,332
Debt Service:				
Principal	-	-	50,000	50,000
Interest	-	-	334,754	334,754
Total Expenditures	<u>766,511</u>	<u>-</u>	<u>384,754</u>	<u>1,151,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,812)</u>	<u>9,927</u>	<u>6,332</u>	<u>(22,553)</u>
Other Financing Sources (Uses)				
Transfers In	100,000	-	-	100,000
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	61,188	9,927	6,332	77,447
Fund Balance, Beginning of Year	204,887	237,535	338,331	780,753
Fund Balance, End of Year	<u>\$ 266,075</u>	<u>\$ 247,462</u>	<u>\$ 344,663</u>	<u>\$ 858,200</u>

San Pasqual Valley Unified School District

Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2021

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash in County Treasury	\$ 14,245	\$ 57,463	\$ 95,650	\$ 167,358
Accounts Receivable	31	142	94,215	94,388
Stores Inventories	-	-	7,286	7,286
Total Assets	<u>\$ 14,276</u>	<u>\$ 57,605</u>	<u>\$ 197,151</u>	<u>\$ 269,032</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	\$ -	\$ (767)	\$ 3,724	\$ 2,957
Total Liabilities	<u>-</u>	<u>(767)</u>	<u>3,724</u>	<u>2,957</u>
Fund Balance:				
Nonspendable	-	-	7,286	7,286
Restricted	-	58,372	186,141	244,513
Committed	14,276	-	-	14,276
Assigned	-	-	-	-
Total Fund Balance	<u>14,276</u>	<u>58,372</u>	<u>193,427</u>	<u>266,075</u>
Total Liabilities and Fund Balances	<u>\$ 14,276</u>	<u>\$ 57,605</u>	<u>\$ 197,151</u>	<u>\$ 269,032</u>

San Pasqual Valley Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Special Revenue Funds
June 30, 2021

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Revenues				
Federal Revenue	\$ -	\$ 7,166	\$ 523,966	\$ 531,132
Other State Revenue	41,072	120,337	31,841	193,250
Interest	138	643	808	1,589
FMV Adjustment	111	449	747	1,307
Other Local Revenue	421	-	-	421
Total Revenues	<u>41,742</u>	<u>128,595</u>	<u>557,362</u>	<u>727,699</u>
Expenditures				
Current Expenditures:				
Instruction	53,976	132,163	-	186,139
Instruction - Related Services	11,369	-	-	11,369
Pupil Services	316	-	496,355	496,671
Plant Services	-	-	72,332	72,332
Total Expenditures	<u>65,661</u>	<u>132,163</u>	<u>568,687</u>	<u>766,511</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,919)</u>	<u>(3,568)</u>	<u>(11,325)</u>	<u>(38,812)</u>
Other Financing Sources (Uses):				
Transfers In	<u>25,000</u>	<u>-</u>	<u>75,000</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>-</u>	<u>75,000</u>	<u>100,000</u>
Net Change in Fund Balance	1,081	(3,568)	63,675	61,188
Fund Balance, Beginning of Year	<u>13,195</u>	<u>61,940</u>	<u>129,752</u>	<u>204,887</u>
Fund Balance, End of Year	<u>\$ 14,276</u>	<u>\$ 58,372</u>	<u>\$ 193,427</u>	<u>\$ 266,075</u>

San Pasqual Valley Unified School District

Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2021

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds
Assets			
Cash in County Treasury	\$ 46,164	\$ 200,776	\$ 246,940
Accounts Receivable	98	424	522
Total Assets	<u>\$ 46,262</u>	<u>\$ 201,200</u>	<u>\$ 247,462</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted	46,262	-	46,262
Assigned	-	201,200	201,200
Total Fund Balance	<u>46,262</u>	<u>201,200</u>	<u>247,462</u>
Total Liabilities and Fund Balances	<u>\$ 46,262</u>	<u>\$ 201,200</u>	<u>\$ 247,462</u>

San Pasqual Valley Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Capital Projects Funds
June 30, 2021

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds
Revenues			
Interest	\$ 414	\$ 1,877	\$ 2,291
FMV Adjustment	360	1,567	1,927
Other Local Revenue	5,709	-	5,709
Total Revenues	<u>6,483</u>	<u>3,444</u>	<u>9,927</u>
Expenditures			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,483	3,444	9,927
Fund Balance, Beginning of Year	<u>39,779</u>	<u>197,756</u>	<u>237,535</u>
Fund Balance, End of Year	<u>\$ 46,262</u>	<u>\$ 201,200</u>	<u>\$ 247,462</u>

Other Supplementary Information

San Pasqual Valley Unified School District

Local Education Agency Organization Structure

June 30, 2021

The San Pasqual Valley Unified School District was established in July 1954 and is comprised of an area of approximately 1,189 square miles in Imperial County. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary, one intermediate, and one high school. The District also maintains a continuation high school and a community day school.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Lisa Aguerro	President	Four Year Term Expires December 2024
Thomas Jefferson	Vice President	Four Year Term Expires December 2022
Sofia Dominguez	Clerk	Four Year Term Expires December 2022
Kenia Rodriguez	Member	Four Year Term Expires December 2024
Mathew Yamasaki	Member	Four Year Term Expires December 2024

ADMINISTRATION

Katrina Johnson-Leon
Superintendent

Kish Curtis
Chief Business Official

San Pasqual Valley Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Traditional Calendar	J-13A Credited Days	Status
Transitional Kindergarten	180	180	N/A	Complied
Kindergarten	180	180	N/A	Complied
1st Grade	230	180	N/A	Complied
2nd Grade	230	180	N/A	Complied
3rd Grade	230	180	N/A	Complied
4th Grade	240	180	N/A	Complied
5th Grade	240	180	N/A	Complied
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied
9th Grade	240	180	N/A	Complied
10th Grade	240	180	N/A	Complied
11th Grade	240	180	N/A	Complied
12th Grade	240	180	N/A	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

- 1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
 - To pupils in Kindergarten 36,000 minutes
 - To pupils in grades 1 to 3 50,400 minutes
 - To pupils in grades 4 to 8 54,000 minutes
 - To pupils in grades 9 to 12 64,800 minutes
- 2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:
 - EC §46112: Grades 1 to 3 230 minutes
 - EC §46113: Grades 4 to 8 240 minutes
 - EC §46114: Kindergarten 180 minutes
 - EC §46141: Grades 9 to 12 240 minutes

San Pasqual Valley Unified School District

Schedule of Instructional Time, Continued

Year Ended June 30, 2021

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

As a result of the COVID-19 pandemic, the District operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

San Pasqual Valley Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2021

General Fund	Budget 2022 (See Note 1)	2021	2020	2019
Revenues and Other Financing Sources	\$ 21,930,235	\$ 15,777,271	\$ 14,651,594	\$ 16,059,920
Expenditures and Other Financing Uses	22,699,188	14,663,781	14,361,147	15,657,462
Net Change in Fund Balance	(768,953)	1,113,490	290,447	402,458
Ending Fund Balance	\$ 6,800,933	\$ 7,569,886	\$ 6,383,821	\$ 6,093,374
Available Reserves (See Note 2)	\$ 1,165,100	\$ 1,216,789	\$ 1,496,433	\$ 1,127,765
Available Reserves as a Percentage of Total Outgo	5.13%	8.30%	10.42%	7.20%
Long Term Debt	\$ 8,029,548	\$ 8,087,414	\$ 8,140,020	\$ 8,274,039
Average Daily Attendance at P2	600	N/A	600	647

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.

The general fund balance has increased by \$1,476,512 (24.23%) over the past two years. The fiscal year 2021-22 budget projects a decrease of \$768,953 (10.16%). For a district of this size, the State recommends available reserves of 4% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by \$186,625 (2.26%) over the past two years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

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 contained within the general fund and the special reserve fund for other than capital outlay (Fund 17).
3. Long term debt consists of general obligation bonds.
4. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Deferred Maintenance Fund (Fund 14), Special Reserve Fund for Other Than Capital Outlay (Fund 17), and Special Reserve Fund for Postemployment Benefits (Fund 20) do not meet the definition of a special revenue fund and were therefore combined with the General Fund for financial statement reporting. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.
5. In 2021 there was an adjustment to beginning fund balance as a result of implementation of GASB Statement No 84 which affects comparability to previous years reported.

San Pasqual Valley Unified School District

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

	General Fund (Fund 01)	Deferred Maintenance Fund (Fund 14)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)	Special Reserve Fund for Postemployment Benefits (Fund 20)
June 30, 2021, annual financial and budget report fund balances	<u>\$ 7,572,712</u>	<u>\$ 468</u>	<u>\$ 1,165,100</u>	<u>\$ 1,070,763</u>
Adjustments and reclassifications:				
Increasing (decreasing) the fund balance:				
Understatement of Cash and Cash Equivalents	51,690	-	-	-
Overstatement of Accounts Receivable	(54,516)	-	-	-
GASB 54 Fund Presentation	<u>2,236,331</u>	<u>(468)</u>	<u>(1,165,100)</u>	<u>(1,070,763)</u>
Net adjustments and reclassifications	<u>2,233,505</u>	<u>(468)</u>	<u>(1,165,100)</u>	<u>(1,070,763)</u>
June 30, 2021, audited financial statement fund balances	<u>\$ 9,806,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

San Pasqual Valley Unified School District

Schedule of Charter Schools

Year Ended June 30, 2021

As of June 30, 2021, the District is not a sponsoring local educational agency for any charter schools.

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

San Pasqual Valley Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Total Federal Expenditures</u>
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Summer Food Service Program - Noncash Commodities	10.559	13006	\$ -	\$ 16,461
Summer Food Service Program	10.559	13006	-	375,079
Total Child Nutrition Cluster			-	391,540
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	156,517
Total Special Education (IDEA) Cluster			-	156,517
OTHER PROGRAMS:				
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid PL81.874	84.041	-	-	4,053,077
Passed through California Department of Education				
Title I	84.010	14329	-	568,191
ESSA School Improvement Grant	84.010	15438	-	80,816
Migrant Education Summer	84.011	10005	-	23,032
Migrant Education	84.011	14838	-	23,241
Vocational Education	84.048	14894	-	10,266
Indian Education	84.060	10011	-	104,386
Rural & Low Income Schools	84.358	14356	-	19,768
Title III English Learner	84.365	14346	-	14,341
Title II Supporting Effective Instruction	84.367	14341	-	52,560
CARES Act - Supplemental Meal Reimbursement	84.425	15535	-	36,399
Governor's Emergency Education Relief Fund	84.425C	15517	-	46,461
CARES Act - School Emergency Relief	84.425D	15536	-	129,673
CARES Act - School Emergency Relief II	84.425D	15547	-	17,900
<u>U.S. Department of Health and Human Services</u>				
Passed through California Department of Education				
Child Development Coronavirus Response and Relief	93.575	15555	-	7,166
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Child Adult Care Food Program	10.558	13394	-	96,027
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Education				
CARES Act - Learning Loss Mitigation	21.019	25516	-	584,185
Total Other Programs			-	5,867,489
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 6,415,546</u>

See accompanying notes to schedule of expenditures of federal awards.

San Pasqual Valley Unified School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 8.30% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The District did not charge any indirect costs to the Child Nutrition Cluster, the Special Education Cluster, Impact Aid, Child and Adult Care Food Program, Migrant Education, Migrant Education Summer, Vocational Education, CARES Act – Supplemental Meal Reimbursement, CARES Act School Emergency Relief II, or CARES Act Learning Loss Mitigation.

Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 568,191
ESSA School Improvement Grant	84.010	80,816

San Pasqual Valley Unified School District

Notes to the Schedule of Expenditures of Federal Awards, Continued

Year Ended June 30, 2021

Personal Protective Equipment (PPE) (Unaudited)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at \$3,344 from the federal government.

Reconciliation of Revenues

Under grant provisions for CARES Act – Learning Loss Mitigation (CFDA #21.019) expenditures for the program could begin March 2020; however, revenue was not apportioned until the 2020-21 fiscal year. As a result, the revenue is recognized for expenditures occurring from the start of the grant through June 30, 2021, while the schedule of expenditures of federal awards recognizes only expenditures incurred during the 2020-21 fiscal year.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 6,672,614
Less: Amounts representing learning loss mitigation funds expended in prior year	<u>(257,068)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u><u>\$ 6,415,546</u></u>

Other Independent Auditors' Reports

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 Board of Education
San Pasqual Valley Unified School District
Winter Haven, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of San Pasqual Valley Unified School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Pasqual Valley Unified School District's basic financial statements, and have issued our report thereon dated February 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Pasqual Valley 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Pasqual Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Pasqual Valley Unified School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal controls that we consider to be a significant deficiency which is reported as item number 2021-001 in the schedule of findings and questioned costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Pasqual Valley 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*.

San Pasqual Valley Unified School District's Response to Findings

San Pasqual Valley Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. San Pasqual Valley Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wilkinson Hadley King & Co LLP

El Cajon, California
February 28, 2022

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

To the Board of Education
San Pasqual Valley Unified School District
Winter Haven, California

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, San Pasqual Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of San Pasqual Valley 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 San Pasqual Valley 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 San Pasqual Valley 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.

Wilkinson Hadley King & Co LLP

El Cajon, California
February 28, 2022

Independent Auditor's Report on State Compliance

To the Board of Education
San Pasqual Valley Unified School District
Winter Haven, California

Report on State Compliance

We have audited the San Pasqual Valley Unified School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's Audit Guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance*, prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools	
A. Attendance and Distance Learning.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
O. K-3 Grade Span Adjustment.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
School Districts, County Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
Charter Schools	
Y. Independent Study - Course Based.....	N/A
AA. Attendance.....	N/A
BB. Mode of Instruction.....	N/A
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
FF. Charter School Facility Grant Program.....	N/A

The term N/A is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations, Section 19810* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002.

San Pasqual Valley Unified School District's Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810*. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
February 28, 2022

Auditor's Results, Findings & Recommendations

San Pasqual Valley Unified School District

Schedule of Auditor's Results

Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)? X Yes No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)? Yes X No

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

Compliance supplement utilized for single audit July 2021 with
December 2021 Addendum

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.425	CARES Act - Supplemental Meal Reimbursement
84.425C	Governor's Emergency Education Relief Fund
84.425D	CARES Act - School Emergency Relief
84.425D	CARES Act - School Emergency Relief II

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

Auditee qualified as low-risk auditee? X Yes No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies*? X Yes No

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

San Pasqual Valley Unified School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

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

A. Financial Statement Findings

Finding Number: 2021-001
Repeat Finding: No
Program Name: Associated Student Body Accounts
Questioned Costs: None
Type of Finding: Internal Controls (30000)

Criteria or Specific Requirements

Determine whether the District has accounting processes and internal controls that would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis, whether due to error or fraud.

Condition

The District held associated student body bank accounts which were not accounted for on the financial statements as a governmental fund as required by Governmental Accounting Standards Board (GASB) Statement No. 84. Audit adjustments were required to account for the activities of the associated student body accounts.

Cause

Associated student body accountants did not know how to run reports necessary to provide the information to the business services department in order for the accounts to be included in the financial statements.

San Pasqual Valley Unified School District
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2021

Effect

The financial statements were misstated requiring an audit adjustment to correct.

Context

GASB Statement No. 84 became effective in the 2020-21 fiscal year. Under GASB Statement No. 84 associated student body funds are considered governmental and are to be included in the general fund or a special revenue fund.

Recommendation

Provide training to accounting clerks responsible for associated student body funds to ensure they know how to use software and run reports. Establish oversight processes from the business office over the associated student body accounts. Implement processes to capture associated student body account information to include in the financial statements.

Views of Responsible Officials

See Corrective Action Plan

B. Federal Awards

None

C. State Award Findings

Finding Number: 2021-001
Repeat Finding: No
Program Name: Instructional Materials
Questioned Costs: None
Type of Finding: State Compliance (70000)

Criteria or Specific Requirement

Education Code Section 60119(b) requires that the governing board of the District hold a public hearing at which the governing board encourages the participation of parents, teachers, members of the community, and bargaining unit leaders as to whether each pupil in each school has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted pursuant to Section 60605. The hearing may not take place during or immediately following school hours. The governing board shall provide ten days notice of the public hearing and the notice shall contain the time, place, and purpose of the hearing and shall be posted in three public places.

Condition

In our review of the notice of public hearing posted by the District ten days in advance in three public locations, we noted that the notice did not include the time of the public hearing.

Cause

A clerical error resulted in the time not being included on the notice of public hearing.

San Pasqual Valley Unified School District
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2021

Effect

The District is out of compliance with Education Code Section 60119(b) as the notice of public hearing did not include the time of the public hearing.

Context

Each year the governing board of a school district holds a public hearing or hearings within the first eight weeks of the first day of school to determine whether the school district has sufficient textbooks and instructional materials for mathematics, science, history-social science, English language arts including English language development, foreign language, health, or laboratory science programs.

Recommendation

Implement review procedures over the notice of public hearing to ensure that all required elements are included.

Views of Responsible Officials

See Corrective Action Plan



Excellence in Education—
Making the Dream Come True

San Pasqual Valley Unified School District

Route 1, 676 Baseline Road, Winterhaven, CA 92283

Phone: (760) 572-0222 FAX: (760) 572-0711

Dr. Katrina León
District Superintendent

February 28, 2022

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Kish Curtis
Chief Business Official

Board of Trustees

Lisa Aguerro

Tomas Jefferson

Sofia Dominguez

Kenia Rodriguez

Mathew Yamasaki



San Pasqual Valley Unified School District

Corrective Action Plan

Year Ended June 30, 2021

Financial Statement Findings

Finding Number: 2021-001
Program Name: Associated Student Body Accounts
Contact Person: Kish Curtis
Anticipated Completion Date: June 30, 2022

Planned Corrective Action: The District will work with Wilkinson Hadley & King, Co to provide training to ASB accounting clerks to ensure they know how to use the necessary software and run required reports. Each month, the District will review ASB accounts and financial statements to provide better oversight.

State Compliance Findings

Finding Number: 2021-002
Program Name: Instructional Materials
Contact Person: Kish Curtis
Anticipated Completion Date: June 30, 2022

Planned Corrective Action: The District will implement review procedures in September over the notice of public hearing to ensure that all required elements are included.

San Pasqual Valley Unified School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
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There were no findings reported for the fiscal year ended June 30, 2020.