

# San Pasqual Valley Unified School District

County of Imperial  
Winterhaven, California

Audit Report

June 30, 2020



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# San Pasqual Valley Unified School District

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June 30, 2020

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## **Independent Auditor's Report**

To the Board of Education  
San Pasqual Valley Unified School District  
Winterhaven, 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 *2019-20 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 March 31, 2021, 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 Kelly King & Co., LLP*

El Cajon, California  
March 31, 2021

**SAN PASQUAL VALLEY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2020**  
**(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, 2020. 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 the Local Control Funding Formula (LCFF) sources was \$8,504,129 for the year ended June 30, 2020. The State of California is now funding all of the LCFF gap.
- General Fund revenues and other sources exceeded expenditures and other uses by \$385,719.
- Work in Progress increased \$1,096,186 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 2019-2020?"

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.

### *Fiduciary Funds*

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

## **FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS**

### *The School District as a Whole*

The District's net position was \$10.7 million at June 30, 2020. Of this amount, unrestricted net position was \$5.03 million. A comparative analysis of government-wide data is presented in Table 1.

The District's net position decreased \$269,888 this fiscal year (after restatement) (See Table 2). The District's expenses for instructional and pupil services represented 72% of total expenses. The administrative activities of the District accounted for just 9% of total costs. The remaining 19% was spent in the areas of plant services and other expenses. (See Figure 2)



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

	<b>Governmental Activities</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Assets</b>		
Cash	\$ 14,813,255	\$ 16,313,952
Accounts receivable	2,090,097	890,517
Stores inventory	5,272	9,553
Capital assets	15,979,566	15,390,604
Total Assets	<u>\$ 32,888,190</u>	<u>\$ 32,604,626</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources - opeb	\$ 94,424	\$ 4,583
Deferred outflows of resources - pensions	3,933,367	5,303,159
Total Deferred Outflows	<u>\$ 4,027,791</u>	<u>\$ 5,307,742</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	899,544	685,009
Unearned revenue	85,231	14,661
Long-term liabilities	23,124,109	23,729,888
Total liabilities	<u>24,108,884</u>	<u>24,429,558</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources - opeb	\$ 166,824	\$ 0
Deferred inflows of resources - pensions	1,943,667	2,516,416
Total Deferred Inflows	<u>\$ 2,110,491</u>	<u>\$ 2,516,416</u>
<b>Net Assets</b>		
Net investment in capital assets	7,889,546	7,116,565
Restricted	7,840,229	7,968,601
Unrestricted	(5,033,169)	(4,118,372)
Total net position	<u>\$ 10,696,606</u>	<u>\$ 10,966,794</u>

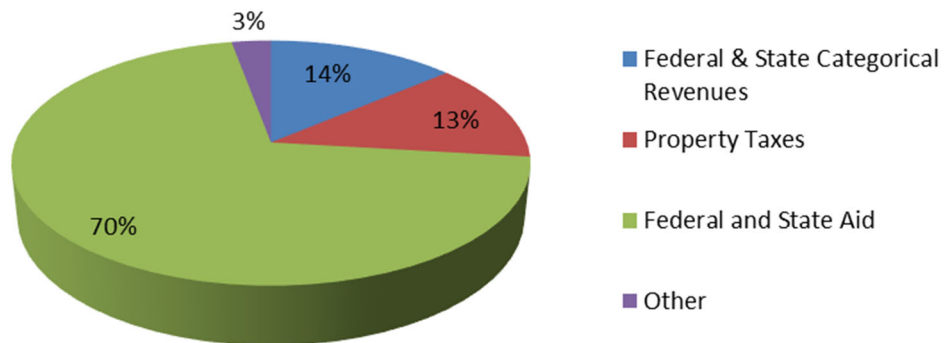
**(Table 2)**  
**Comparative Statement of Change in Net Position**

	<b>Governmental Activities</b>	
	<u><b>June 30, 2020</b></u>	<u><b>June 30, 2019</b></u>
<b>Revenues</b>		
Program revenues	\$ 2,146,659	\$ 2,115,464
General revenues		
Taxes levied for general purposes	1,615,768	1,516,578
Taxes levied for debt service	422,094	448,814
Federal and state aid not restricted to specific purposes	10,939,182	11,919,061
Interest and investment earnings	226,755	212,655
Miscellaneous	221,592	176,769
Total Revenues	<u>\$ 15,572,050</u>	<u>\$ 16,389,341</u>
<b>Expenses</b>		
Instruction	7,535,776	7,696,054
Instruction related services	1,461,655	1,417,944
Pupil support services	2,319,973	2,606,818
General administration	1,496,220	1,616,335
Plant services	1,725,627	1,848,527
Other	1,302,687	1,645,714
Total Expenses	<u>15,841,938</u>	<u>16,831,392</u>
Increase (Decrease) in net position	<u><u>\$ (269,888)</u></u>	<u><u>\$ (442,051)</u></u>

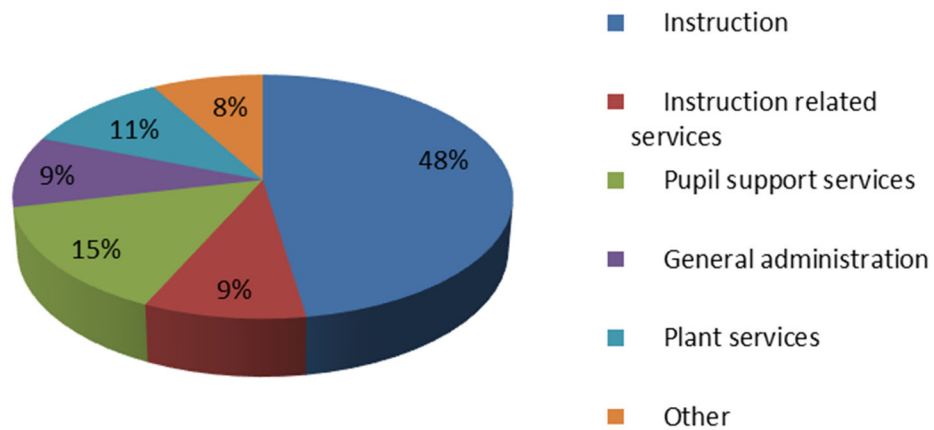
#### **GOVERNMENTAL ACTIVITIES**

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$15.8 million. The amount that our local taxpayers financed for these activities through property taxes was \$2.04 million. Federal and State aid not restricted to specific purposes totaled \$10.9 million. Operating grants and contributions revenue \$2.15 million (See Figure 1).

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



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



#### **FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$16.06 million, a decrease of \$591 thousand from the previous fiscal year's combined ending balance of \$16.65 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 \$1.1 million.

The District ended the year with a \$358 thousand 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, 2019 and 2020**

	<u>2020</u>	<u>2019</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 66,865	\$ 66,865	\$ 0	0.0%
Site Improvements	687,108	716,032	(28,924)	-4.0%
Buildings	13,142,195	13,595,155	(452,960)	-3.3%
Equipment	861,356	886,696	(25,340)	-2.9%
Work in progress	<u>1,222,042</u>	<u>125,856</u>	<u>1,096,186</u>	<u>871.0%</u>
Total	<u>\$ 15,979,566</u>	<u>\$ 15,390,604</u>	<u>\$ 588,962</u>	

## Long-Term Obligations

At June 30, 2020 the District had \$23.09 million in long-term debt and long term obligations outstanding.

**(Table 4)**  
**Comp. Schedule of Debt and Other Long Term Obligations**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$ 7,655,000	\$ 7,780,000
Bond Premium	485,020	494,039
Net OPEB liability	1,330,536	1,352,168
Net Pension liability	13,587,183	14,073,973
Compensated Absences	<u>40,630</u>	<u>29,608</u>
Total	<u>\$ 23,098,369</u>	<u>\$ 23,729,788</u>

## FACTORS BEARING ON THE DISTRICT

The 2019-20 school year was an unprecedented time for all schools. That being said the shut down in March improved our bottom line largely due to improved power bills; limited extra duty and overtime; limited travel and conference expenses; and shortened service contracts. The district also additional one time state and federal monies.

The 2020-21 school year has been similar in many ways with some reduced costs and additional State and Federal monies. Our ADA was also held harmless and we have been based on a higher student enrollment count for the 2019-20 school year. Our student count dropped from 653 student in 2019-20 to 609 in 2020-21. We believe that we will again be held harmless on our ADA in the 2021-22 school year which will be very beneficial to us.

The 2021-22 school year will be of greater concern as a “cliff” has been mentioned when the hold harmless on ADA has ended and our enrollment is lower and the additional one time CARES money stops. 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, 2020

	Governmental Activities
<b>Assets</b>	
Cash	\$ 14,813,255
Accounts Receivable	2,090,097
Inventory	5,272
Capital Assets:	
Land	66,865
Land Improvements	1,932,545
Buildings & Improvements	19,564,482
Equipment	3,510,209
Work In Progress	1,222,042
Less Accumulated Depreciation	(10,316,577)
Total Assets	<u>32,888,190</u>
<b>Deferred Outflows of Resources</b>	<u>4,027,791</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	899,544
Unearned Revenue	85,231
Long-Term Liabilities:	
Due Within One Year	93,236
Due In More Than One Year	23,030,873
Total Liabilities	<u>24,108,884</u>
<b>Deferred Inflows of Resources</b>	<u>2,110,491</u>
<b>Net Position</b>	
Net Investment in Capital Assets	7,889,546
Restricted For:	
Capital Projects	6,963,487
Debt Service	338,332
Educational Programs	406,158
Other Purposes (Expendable)	124,480
Other Purposes (Nonexpendable)	7,772
Unrestricted	(5,033,169)
Total Net Position	<u><u>\$ 10,696,606</u></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, 2020

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 7,535,776	\$ 1,695	\$ 999,518	\$ -	\$ (6,534,563)
Instruction-Related Services:					
Instructional Supervision and Administration	189,969	-	39,790	-	(150,179)
Instructional Library, Media and Technology	120,114	-	118,698	-	(1,416)
School Site Administration	1,151,572	-	80,749	-	(1,070,823)
Pupil Services:					
Home-to-School Transportation	623,536	-	5,774	-	(617,762)
Food Services	545,906	2,824	503,043	-	(40,039)
All Other Pupil Services	1,150,531	-	189,088	-	(961,443)
General Administration:					
Centralized Data Processing	155,747	-	-	-	(155,747)
All Other General Administration	1,340,473	-	68,998	-	(1,271,475)
Plant Services	1,725,627	70,072	61,423	-	(1,594,132)
Ancillary Services	244,206	-	776	-	(243,430)
Community Services	12,945	-	4,211	-	(8,734)
Interest on Long-Term Debt	327,208	-	-	-	(327,208)
Other Outgo	15,007	-	-	-	(15,007)
Depreciation (unallocated)	703,321	-	-	-	(703,321)
Total Governmental Activities	<u>\$ 15,841,938</u>	<u>\$ 74,591</u>	<u>\$ 2,072,068</u>	<u>\$ -</u>	<u>(13,695,279)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes				\$ 1,615,768	
Property Taxes, Levied for Debt Service				422,094	
Federal and State Aid Not Restricted for Specific Purposes				10,939,182	
Interest and Investment Earnings				226,755	
Miscellaneous				221,592	
Total General Revenues				<u>13,425,391</u>	
Change in Net Position					(269,888)
Net Position - Beginning of Year, As Restated (See Note R)					<u>10,966,494</u>
Net Position - Ending					<u>\$ 10,696,606</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, 2020

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash in County Treasury	\$ 7,382,772	\$ 6,793,030	\$ 634,953	\$ 14,810,755
Cash in Revolving Fund	2,500	-	-	2,500
Accounts Receivable	1,931,980	16,614	141,503	2,090,097
Stores Inventories	-	-	5,272	5,272
<b>Total Assets</b>	<u>\$ 9,317,252</u>	<u>\$ 6,809,644</u>	<u>\$ 781,728</u>	<u>\$ 16,908,624</u>
<b>Liabilities and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ 672,776	\$ 88,220	\$ 974	\$ 761,970
Unearned Revenue	85,231	-	-	85,231
<b>Total Liabilities</b>	<u>758,007</u>	<u>88,220</u>	<u>974</u>	<u>847,201</u>
Fund Balance:				
Nonspendable	2,500	-	5,272	7,772
Restricted	335,551	6,721,424	775,482	7,832,457
Assigned	6,724,761	-	-	6,724,761
Unassigned	1,496,433	-	-	1,496,433
<b>Total Fund Balance</b>	<u>8,559,245</u>	<u>6,721,424</u>	<u>780,754</u>	<u>16,061,423</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,317,252</u>	<u>\$ 6,809,644</u>	<u>\$ 781,728</u>	<u>\$ 16,908,624</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, 2020

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**Total fund balances governmental funds:** \$ 16,061,423

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	26,296,143	
Accumulated depreciation	<u>(10,316,577)</u>	
Net		15,979,566

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 unmaturred interest owing at the end of the period was: (137,574)

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	8,140,020	
Total OPEB liability	1,356,276	
Net pension liability	13,587,183	
Compensated absences	<u>40,630</u>	
Total		(23,124,109)

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, 2020

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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	3,933,367	
Deferred inflows of resources relating to pensions	<u>(1,943,667)</u>	
Net		1,989,700

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	94,424	
Deferred inflows of resources relating to OPEB	<u>(166,824)</u>	
Net		<u>(72,400)</u>

<b>Total net position governmental activities:</b>	<u><u>\$ 10,696,606</u></u>
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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, 2020

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>				
State Apportionment	\$ 6,241,222	\$ -	\$ -	\$ 6,241,222
Education Protection Account Funds	647,138	-	-	647,138
Property Taxes	1,615,768	-	-	1,615,768
Federal Revenue	4,657,018	-	595,772	5,252,790
Other State Revenue	1,041,607	-	198,261	1,239,868
Interest	107,185	113,881	9,281	230,347
Other Local Revenue	373,923	-	430,857	804,780
Total Revenues	<u>14,683,861</u>	<u>113,881</u>	<u>1,234,171</u>	<u>16,031,913</u>
<b>Expenditures</b>				
Current Expenditures:				
Instruction	7,329,151	-	183,381	7,512,532
Instruction - Related Services	1,466,993	-	11,838	1,478,831
Pupil Services	1,790,544	-	560,514	2,351,058
Ancillary Services	244,607	-	-	244,607
Community Services	12,976	-	-	12,976
General Administration	1,498,312	-	-	1,498,312
Plant Services	1,671,455	18,866	65,262	1,755,583
Other Outgo	15,007	-	-	15,007
Capital Outlay	196,097	1,096,186	-	1,292,283
Debt Service:				
Principal	-	-	125,000	125,000
Interest	-	-	337,253	337,253
Total Expenditures	<u>14,225,142</u>	<u>1,115,052</u>	<u>1,283,248</u>	<u>16,623,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>458,719</u>	<u>(1,001,171)</u>	<u>(49,077)</u>	<u>(591,529)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	100,000	100,000
Transfers Out	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	358,719	(1,001,171)	50,923	(591,529)
Fund Balance, Beginning of Year	<u>8,200,526</u>	<u>7,722,595</u>	<u>729,831</u>	<u>16,652,952</u>
Fund Balance, End of Year	<u>\$ 8,559,245</u>	<u>\$ 6,721,424</u>	<u>\$ 780,754</u>	<u>\$ 16,061,423</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, 2020

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**Total change in fund balances, governmental funds:** \$ (591,529)

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	1,292,283	
Depreciation expense	<u>(703,321)</u>	
Net		588,962

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: 125,000

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 1,026

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: (11,022)

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, 2020

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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: (310,253)

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: (81,091)

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: 9,019

**Change in net position of governmental activities:** \$ (269,888)

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

# San Pasqual Valley Unified School District

## Statement of Net Position – Fiduciary Funds

June 30, 2020

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	Agency Fund
	Student Body Fund
<b>Assets</b>	
Cash on Hand and in Banks	\$ 62,328
Total Assets	62,328
<b>Liabilities</b>	
Due to Student Groups	\$ 62,328
Total Liabilities	62,328
<b>Net Position</b>	
Total Net Position	\$ -

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, 2020

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### 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, 2020

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**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, 2020

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**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, 2020

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## 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, 2020

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## 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 1<sup>st</sup>. 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, 2020

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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, 2020

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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, 2020

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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, 2020

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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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019



# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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## 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, 2019
Measurement Period	July 1, 2018 to June 30, 2019

## 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, 2020

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## 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, 2020. Those newly implemented pronouncements are as follows:

### *GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

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

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

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

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

There have been no adjustments to the financial statements or note disclosures as a result of adoption of the accounting policies.

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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

## C. Fair Value Measurements

The District's investments at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
Imperial County Treasury	\$ 14,810,755	\$ -	\$ 14,810,755	\$ -
Total investments by fair value level	\$ 14,810,755	\$ -	\$ 14,810,755	\$ -

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.

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## D. Cash and Investments

### 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 (\$14,810,755 as of June 30, 2020). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$14,810,755. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks (\$62,328 as of June 30, 2020) and in revolving fund (\$2,500 as of June 30, 2020) 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, 2020

## 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, 2020, 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	\$ 14,810,755

### 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, 2020, 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, 2020

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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 \$14,810,755. The average weighted maturity for this pool was 714 days at June 30, 2020.

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, 2020

## 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, 2020 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total
	General Fund	Building Fund		
Federal Government:				
Impact Aid	\$ 366,125	\$ -	\$ 61,564	\$ 427,689
Special Education	167,827	-	-	167,827
Title I	78,125	-	-	78,125
Indian Education	63,240	-	-	63,240
National School Lunch	-	-	69,112	69,112
Other Federal Programs	9,693	-	-	9,693
State Government:				
LCFF State Aid	1,108,487	-	-	1,108,487
Lottery	34,354	-	-	34,354
National School Lunch	-	-	5,929	5,929
Other State Programs	47,365	-	3,347	50,712
Local Sources				
Interest	19,000	16,614	1,551	37,165
Other Local Sources	37,764	-	-	37,764
Total Accounts Receivable	<u>\$ 1,931,980</u>	<u>\$ 16,614</u>	<u>\$ 141,503</u>	<u>\$ 2,090,097</u>

## F. Interfund Balances & Activities

### 1. Due To and From Other Funds

As of June 30, 2020 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, 2020 consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
Nonmajor Govt. Funds	General Fund	\$ 100,000	Temporary Loan
		<u>\$ 100,000</u>	

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## G. Capital Assets

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

<u>Governmental activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 66,865	\$ -	\$ -	\$ 66,865
Work in progress	125,856	1,096,186	-	1,222,042
Total capital assets not being depreciated	<u>192,721</u>	<u>1,096,186</u>	<u>-</u>	<u>1,288,907</u>
Capital assets being depreciated:				
Land improvements	1,874,785	57,760	-	1,932,545
Buildings and improvements	19,564,482	-	-	19,564,482
Equipment	3,456,627	138,337	84,755	3,510,209
Total capital assets being depreciated	<u>24,895,894</u>	<u>196,097</u>	<u>84,755</u>	<u>25,007,236</u>
Less accumulated depreciation for:				
Land improvements	(1,158,753)	(86,684)	-	(1,245,437)
Buildings and improvements	(5,969,327)	(452,960)	-	(6,422,287)
Equipment	(2,569,931)	(163,677)	(84,755)	(2,648,853)
Total accumulated depreciation	<u>(9,698,011)</u>	<u>(703,321)</u>	<u>(84,755)</u>	<u>(10,316,577)</u>
Total capital assets being depreciated, net	<u>15,197,883</u>	<u>(507,224)</u>	<u>-</u>	<u>14,690,659</u>
Governmental activities capital assets, net	<u>\$ 15,390,604</u>	<u>\$ 588,962</u>	<u>\$ -</u>	<u>\$ 15,979,566</u>

Depreciation of \$703,321 was not allocated to any function.



# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## H. Accounts Payable

Accounts payable balances as of June 30, 2020 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund		
Vendors Payable	\$ 227,730	\$ 88,220	\$ 594	\$ 316,544
Payroll and Benefits	135,051	-	380	135,431
EPA State Aid Repayment	309,995	-	-	309,995
Total Accounts Payable	<u>\$ 672,776</u>	<u>\$ 88,220</u>	<u>\$ 974</u>	<u>\$ 761,970</u>

## I. Unearned Revenue

Unearned revenue balances as of June 30, 2020 consisted of:

	General Fund
Federal Programs	
ESSA School Improvement	\$ 42,176
State Programs	
K-12 Strong Workforce Grant	30,394
Other State Programs	<u>12,661</u>
Total Unearned Revenue	<u>\$ 85,231</u>

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020, the District did not enter into any short-term debt agreements.

## K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2020 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund		
Nonspendable Fund Balance				
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ 2,500
Stores Inventory	-	-	5,272	5,272
Total Nonspendable Fund Balance	2,500	-	5,272	7,772
Restricted Fund Balance				
Capital Projects	4,528	6,721,424	237,535	6,963,487
Debt Service	-	-	338,332	338,332
Educational Programs	331,023	-	75,135	406,158
Child Nutrition Program	-	-	124,480	124,480
Total Restricted Fund Balance	335,551	6,721,424	775,482	7,832,457
Assigned Fund Balance				
Other Postemployment Benefits	1,029,903	-	-	1,029,903
Capital Projects	2,650,000	-	-	2,650,000
Other Purposes	3,044,858	-	-	3,044,858
Total Assigned Fund Balance	6,724,761	-	-	6,724,761
Unassigned Fund Balance				
For Economic Uncertainties	1,496,433	-	-	1,496,433
Total Unassigned Fund Balance	1,496,433	-	-	1,496,433
Total Fund Balance	\$ 8,559,245	\$ 6,721,424	\$ 780,754	\$ 16,061,423

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 8,274,039	\$ -	\$ 134,019	\$ 8,140,020	\$ 52,606
Total OPEB Liability	1,352,168	4,108	-	1,356,276	-
Net Pension Liability	14,073,973	-	486,790	13,587,183	-
Compensated Absences*	29,608	11,022	-	40,630	40,630
Total Governmental Activities	<u>\$ 23,729,788</u>	<u>\$ 15,130</u>	<u>\$ 620,809</u>	<u>\$ 23,124,109</u>	<u>\$ 93,236</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, 2020 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, 2020

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2016 Election, Series A					
Principal	\$ 5,280,000	\$ -	\$ 125,000	\$ 5,155,000	\$ -
Premium	363,761	-	9,019	354,742	-
2016 Election, Series B					
Principal	2,500,000	-	-	2,500,000	50,000
Premium	130,278	-	-	130,278	2,606
Total	<u>\$ 8,274,039</u>	<u>\$ -</u>	<u>\$ 134,019</u>	<u>\$ 8,140,020</u>	<u>\$ 52,606</u>

The annual requirements to amortize the bonds outstanding at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 50,000	\$ 333,388	\$ 383,388
2022	55,000	330,763	385,763
2023	65,000	327,763	392,763
2024	75,000	324,263	399,263
2025	85,000	321,013	406,013
2026-2030	605,000	1,543,538	2,148,538
2031-2035	970,000	1,397,163	2,367,163
2036-2040	1,425,000	1,163,694	2,588,694
2041-2045	2,085,000	757,913	2,842,913
2046-2050	2,240,000	186,625	2,426,625
Total	<u>\$ 7,655,000</u>	<u>\$ 6,686,123</u>	<u>\$ 14,341,123</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, 2020

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### 3. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2020 amounted to \$40,630. 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 \$14,073,973 and decreased by \$486,790 during the year ended June 30, 2020 for an ending net pension liability of \$13,587,183. See Note M for additional information regarding the net pension liability.

### 5. Total OPEB Liability

The Districts beginning total OPEB liability was \$1,352,168 and increased during the year ended June 30, 2020 by \$4,108. The ending total OPEB liability at June 30, 2020 was \$1,356,276. 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, 2020

## 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, 2020 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 (at June 30, 2020)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2020)	17.100%	17.100%
Required State Contribution Rates (at June 30, 2020)	10.328%	10.328%

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

\*\*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

## San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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	CalPERS	
	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 55	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 (at June 30, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	19.721%	19.721%

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2020 (measurement date June 30, 2019), 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 17.10% of creditable compensation for the fiscal year ended June 30, 2020. 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.

*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, 2020 (measurement date June 30, 2019), the employee contribution rate was 7.00% and the employer contribution rate was 19.721% of covered payroll.

## San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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### *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, 2020 (measurement date June 30, 2019) 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 State's 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	On Behalf	On Behalf	On Behalf
June 30,	Contribution	Contribution	Pension
	Rate	Amount	Expense
2018	8.292%	\$ 431,069	\$ 163,007
2019	15.232%	729,062	(156,873)
2020	10.328%	509,164	160,952

CalPERS			
Year Ended	On Behalf	On Behalf	On Behalf
June 30,	Contribution	Contribution	Pension
	Rate	Amount	Expense
2019	7.993%	\$ 212,792	\$ -

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 as a continuing settlement associated with SB90. As a result, on behalf contributions for the years ended June 30, 2019 and June 30, 2020 are not comparable to the year June 30, 2018 as presented.



# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## d. Contributions Recognized

For the fiscal year ended June 30, 2020 (measurement period June 30, 2019), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 843,020	\$ 554,637	\$ 1,397,657
Contributions - State On Behalf Payments	509,164	-	509,164
Total Contributions	<u>\$ 1,352,184</u>	<u>\$ 554,637</u>	<u>\$ 1,906,821</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 750,130	\$ 394,330	\$ 1,144,460
Contributions - State On Behalf Payments	509,164	-	509,164
Total Contributions	<u>\$ 1,259,294</u>	<u>\$ 394,330</u>	<u>\$ 1,653,624</u>

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

As of June 30, 2019 (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	\$ 8,042,781
CalPERS	<u>5,544,402</u>
Total	<u>\$ 13,587,183</u>

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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, 2019. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension 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, 2019 and June 30, 2020 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2019	0.009789%	0.004858%	0.014647%	0.019042%
Proportion June 30, 2020	0.008905%	0.004997%	0.013902%	0.019024%
Change in Proportion	-0.000884%	0.000139%	-0.000745%	-0.000018%

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

## a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (953,995)	\$ 467,205	\$ (486,790)
State On Behalf Pension Expense	160,952	-	160,952
Employer Contributions to Pension Expense	843,020	554,637	1,397,657
(Increase) Decrease in Deferred Outflows of Resources	786,513	89,980	876,493
Increase (Decrease) in Deferred Inflows of Resources	2,903	(82,352)	(79,449)
Total Pension Expense	\$ 839,393	\$ 1,029,470	\$ 1,868,863

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## b. Deferred Outflows and Inflows of Resources

At June 30, 2020, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 843,020	\$ 554,637	\$ 1,397,657
Differences between actual and expected experience	16,494	484,406	500,900
Changes in assumptions	688,547	417,098	1,105,645
Changes in employer's proportionate share	913,024	16,140	929,164
Total Deferred Outflows of Resources	<u>\$ 2,461,085</u>	<u>\$ 1,472,281</u>	<u>\$ 3,933,366</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (147,318)	\$ -	\$ (147,318)
Changes in employer's proportionate share	(918,963)	(315,693)	(1,234,656)
Net difference between projected and actual earnings	<u>(532,082)</u>	<u>(29,611)</u>	<u>(561,693)</u>
Total Deferred Inflows of Resources	<u>\$ (1,598,363)</u>	<u>\$ (345,304)</u>	<u>\$ (1,943,667)</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, 2020. 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,	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2021	\$ 1,669,045	\$ 933,451	\$ (572,628)	\$ (66,541)	\$ 1,963,327
2022	566,095	344,681	(572,930)	(246,376)	91,470
2023	221,823	140,929	(249,922)	(46,002)	66,828
2024	4,122	53,220	(173,461)	13,615	(102,504)
2025	-	-	(29,423)	-	(29,423)
Thereafter	-	-	1	-	1
Total	<u>\$ 2,461,085</u>	<u>\$ 1,472,281</u>	<u>\$ (1,598,363)</u>	<u>\$ (345,304)</u>	<u>\$ 1,989,699</u>

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2020 were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2019	June 30, 2019
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
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 for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.
- (2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) tables issued by the Society of Actuaries.
- (3) Wage growth is a component of inflation for CalPERS assumptions.
- (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.

## d. 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.

## San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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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. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM with an initial expected completion date of November 2019. 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, 2020

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*
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	13.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	9.00%	1.80%
Inflation Sensitive	4.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

\*20 year average

### CalPERS

Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
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%

\*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.

\*\*An expected inflation of 2.00% is used for this period.

\*\*\*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, 2020

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e. 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	\$	11,989,068	\$	7,392,156
Current Discount Rate		7.10%		7.15%
Net Pension Liability	\$	8,042,781	\$	5,544,402
1% Increase		8.10%		8.15%
Net Pension Liability	\$	5,029,812	\$	3,156,607

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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

### CalSTRS

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2019 (Previously Reported)	\$ 46,398,393	\$ 32,936,775	\$ 13,461,618	\$ 4,464,842	\$ 8,996,776
Changes for the year:					
CalSTRS Auditor Adjustment	-	(253)	253	91	162
Change in prop. share	(2,359,992)	(1,675,285)	(684,707)	127,752	(812,459)
Service cost	980,786	-	980,786	352,538	628,248
Interest	3,122,111	-	3,122,111	1,122,226	1,999,885
Difference between expected and actual experience	(256,770)	-	(256,770)	(92,295)	(164,475)
Change in benefits	4,449	-	4,449	1,599	2,850
Contributions:					
Employer	-	784,694	(784,694)	(282,054)	(502,640)
Employee	-	507,145	(507,145)	(182,291)	(324,854)
State On Behalf	-	741,652	(741,652)	(266,583)	(475,069)
Net investment income	-	2,071,097	(2,071,097)	(744,445)	(1,326,652)
Other income	-	17,739	(17,739)	(6,376)	(11,363)
Benefit payments, including refunds of employee contributions	(2,126,447)	(2,126,447)	-	-	-
Administrative expenses	-	(35,305)	35,305	12,690	22,615
Borrowing costs	-	(14,640)	14,640	5,262	9,378
Other expenses	-	(593)	593	214	379
Net changes	(635,863)	269,804	(905,667)	48,328	(953,995)
Balance at June 30, 2020	\$ 45,762,530	\$ 33,206,579	\$ 12,555,951	\$ 4,513,170	\$ 8,042,781



# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019 (Previously Reported)	\$ 17,415,677	\$ 12,338,480	\$ 5,077,197
Changes for the year:			
Change in prop. share	(16,463)	(11,664)	(4,799)
Service cost	423,626	-	423,626
Interest	1,248,648	-	1,248,648
Difference between expected and actual experience	266,107	-	266,107
Change in assumptions	-	-	-
Contributions:			
Employer	-	480,875	(480,875)
Employee	-	192,917	(192,917)
Plan to plan res. movement	-	58	(58)
Net Investment income	-	801,280	(801,280)
Benefit payments, including refunds of employee contributions	(827,054)	(827,054)	-
Administrative expenses	-	(8,781)	8,781
Other expenses	-	28	(28)
Net changes	1,094,864	627,659	467,205
Balance at June 30, 2020	\$ 18,510,541	\$ 12,966,139	\$ 5,544,402

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, 2020

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## 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, 2020:

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, 2020

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### 4. Total OPEB Liability

The San Pasqual Valley Unified School District's total OPEB liability of \$1,356,276 was measured as of June 30, 2019 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	6.00% for 2019; 5.90% for 2020; 5.80% for 2021; and decreasing 0.10% per year to an ultimate rate of 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, 2020

*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>
6/30/2019	6/30/2018	4.00%	3.62%	3.62%
6/30/2020	6/30/2019	4.00%	3.13%	3.13%

## 6. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	<u>\$ 1,352,168</u>
Changes for the year:	
Service cost	74,805
Interest	50,365
Changes of assumptions	108,415
Difference between expected and actual experience	(157,495)
Benefit payments	<u>(71,982)</u>
Net change	<u>4,108</u>
Balance at June 30, 2020	<u><u>\$ 1,356,276</u></u>

## San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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### 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>(2.13%)</u>	<u>Valuation</u> <u>Discount Rate</u> <u>(3.13%)</u>	<u>1% Increase</u> <u>(4.13%)</u>
Total OPEB Liability	\$ 1,457,922	\$ 1,356,276	\$ 1,263,335

### 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>5.00%</u> <u>Decreasing to</u> <u>3.00%</u>	<u>Healthcare Cost</u> <u>Trends Rate</u> <u>6.00%</u> <u>Decreasing to</u> <u>4.00%</u>	<u>1% Increase</u> <u>7.00%</u> <u>Decreasing to</u> <u>6.00%</u>
Total OPEB Liability	\$ 1,236,448	\$ 1,356,276	\$ 1,494,636

### 9. OPEB Expense

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$110,847.

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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

At June 30, 2020 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	\$ 91,475	\$ 33,938
Difference between expected and actual experience	-	132,886
Contributions made subsequent to measurement date	2,949	-
Total	<u>\$ 94,424</u>	<u>\$ 166,824</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
2021	\$ 19,889	\$ (31,263)	\$ (11,374)
2022	16,940	(31,263)	(14,323)
2023	16,940	(31,263)	(14,323)
2024	16,940	(31,263)	(14,323)
2025	16,940	(31,263)	(14,323)
Thereafter	6,775	(10,509)	(3,734)
Total	<u>\$ 94,424</u>	<u>\$ (166,824)</u>	<u>\$ (72,400)</u>

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

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## **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, 2020

## 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, 2020.

### 3. Construction Commitments

As of June 30, 2020, the District had outstanding commitments with respect to unfinished projects in the amount of \$1,115,052. Of this amount, \$1,115,052 is related to the High School Gym Measure T Bond.

## R. Adjustment to Beginning Balance

With the issuance of new bonds in the 2018-19 fiscal year, the County Treasury established a new fund within the Bond Interest and Redemption Fund for collection of taxes associated with the bonds. The District inadvertently left this information out of the 2018-19 financial statements. The beginning balance for the Bond Interest and Redemption Fund as well as Government-Wide Governmental Activities has been adjusted to account for the funds collected in 2018-19 for this fund.

	Bond Interest & Redemption Fund
Beginning Fund Balance as Reported in June 30, 2019 Audit Report	\$ 286,709
Adjustments to Beginning Balance	
Correction to include sub-account for Election 2016, Series B Bonds	88,505
Beginning Fund Balance, as Restated	<u>\$ 375,214</u>
	Governmental Activities
Beginning Net Position as Reported in June 30, 2020 Audit Report	\$ 10,877,989
Adjustments to Beginning Balance	
Correction to include sub-account for Election 2016, Series B Bonds	88,505
Beginning Net Position, as Restated	<u>\$ 10,966,494</u>



# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
OPEB Related	\$ 4,583	\$ 89,841	\$ -	\$ 94,424
Pension Related				
CalSTRS	3,247,598	843,021	1,629,533	2,461,086
CalPERS	1,562,261	820,744	910,724	1,472,281
Total Deferred Outflows of Resources	<u>\$ 4,814,442</u>	<u>\$ 1,753,606</u>	<u>\$ 2,540,257</u>	<u>\$ 4,027,791</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	OPEB Related	Pension Related	Total
2021	\$ 19,889	\$ 2,602,496	\$ 2,622,385
2022	16,940	910,776	927,716
2023	16,940	362,752	379,692
2024	16,940	57,343	74,283
2025	16,940	-	16,940
Thereafter	6,775	-	6,775
Total	<u>\$ 94,424</u>	<u>\$ 3,933,367</u>	<u>\$ 4,027,791</u>

# San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 1,595,460	\$ 884,677	\$ 881,774	\$ 1,598,363
CalPERS	427,656	-	82,352	345,304
OPEB Related	-	166,824	-	166,824
Total Deferred Inflows of Resources	<u>\$ 2,023,116</u>	<u>\$ 1,051,501</u>	<u>\$ 964,126</u>	<u>\$ 2,110,491</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2021	\$ 639,169	\$ 31,263	\$ 670,432
2022	819,306	31,263	850,569
2023	295,924	31,263	327,187
2024	159,846	31,263	191,109
2025	29,423	31,263	60,686
Thereafter	(1)	10,509	10,508
Total	<u>\$ 1,943,667</u>	<u>\$ 166,824</u>	<u>\$ 2,110,491</u>

## San Pasqual Valley Unified School District

Notes to the Financial Statements, Continued

June 30, 2020

### 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
<b>GASB Statement 84, Fiduciary Activities</b>	01/2017	2020-21
<b>GASB Statement 87, Leases</b>	06/2017	2021-22
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018	2021-22
<b>GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61</b>	08/2018	2020-21
<b>GASB Statement 91, Conduit Debt Obligations</b>	05/2019	2022-23
<b>GASB Statement 92, Omnibus 2020</b>	01/2020	2021-22
<b>GASB Statement 93, Replacement of Interbank Offered Rates</b>	03/2020	2020-21
<b>GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements</b>	03/2020	2022-23
<b>GASB Statement 96, Subscription-Based Information Technology Arrangements</b>	05/2020	2022-23
<b>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</b>	06/2020	2021-22
<b>GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019</b>	04/2019	2020-21
<b>GASB Implementation Guide No. 2019-2, Fiduciary Activities</b>	06/2019	2020-21
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019	2021-22
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020	2021-22

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, 2020

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## **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 San Pasqual Valley Unified School District from March 16, 2020 and continuing into the Fall of 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 can be re-opened. At this point in time the San Pasqual Valley Unified School District campuses remain closed until Imperial County meets the benchmark requirements.

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 San Pasqual Valley Unified School District has established a re-opening plan that they believe will provide 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. Additionally, for the 2019-20 fiscal year, the state placed all school districts in a hold harmless state shifting attendance reporting periods to a point prior to the pandemic to prevent sudden losses of attendance from impacting funding for the 2019-20 fiscal year. Finally, funding for the 2020-21 fiscal year is frozen at amounts provided in 2019-20 for all California school districts, with adjustments based on the Governor's budget. The District has established their 2020-21 budget with this in consideration.

Required Supplementary Information

# San Pasqual Valley Unified School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 5,809,977	\$ 5,661,138	\$ 6,241,222	\$ 580,084
Education Protection Account	1,149,771	601,055	647,138	46,083
Property Taxes	1,539,075	1,615,769	1,615,768	(1)
Federal Revenue	4,197,171	5,955,098	4,657,018	(1,298,080)
Other State Revenue	837,690	1,161,572	1,041,607	(119,965)
Interest Income	68,050	75,000	74,919	(81)
Other Local Revenue	274,614	306,928	373,922	66,994
Total Revenues	<u>13,876,348</u>	<u>15,376,560</u>	<u>14,651,594</u>	<u>(724,966)</u>
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	5,381,924	5,528,813	5,118,893	409,920
Classified Salaries	2,779,211	2,881,888	2,806,114	75,774
Employee Benefits	3,471,461	3,615,736	3,547,600	68,136
Books and Supplies	943,500	1,522,774	730,557	792,217
Services and Other Operating	2,233,816	2,470,539	1,810,874	659,665
Other Outgo	27,878	27,878	15,007	12,871
Capital Outlay	115,000	270,000	196,097	73,903
Total Expenditures	<u>14,952,790</u>	<u>16,317,628</u>	<u>14,225,142</u>	<u>2,092,486</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,076,442)</u>	<u>(941,068)</u>	<u>426,452</u>	<u>1,367,520</u>
<b>Other Financing Sources</b>				
Transfers Out	<u>(221,005)</u>	<u>(211,005)</u>	<u>(136,005)</u>	<u>75,000</u>
Total Other Financing Sources	<u>(221,005)</u>	<u>(211,005)</u>	<u>(136,005)</u>	<u>75,000</u>
<b>Net Change in Fund Balance</b>	<u>(1,297,447)</u>	<u>(1,152,073)</u>	<u>290,447</u>	<u>1,517,520</u>
<b>Fund Balance - Beginning of Year</b>	<u>6,093,374</u>	<u>6,093,374</u>	<u>6,093,374</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 4,795,927</u></u>	<u><u>\$ 4,941,301</u></u>	<u><u>\$ 6,383,821</u></u>	<u><u>\$ 1,517,520</u></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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0089%	0.0098%	0.0086%	0.0094%	0.0075%	0.0075%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 8,042,781	\$ 8,996,776	\$ 7,964,399	\$ 7,637,981	\$ 5,076,949	\$ 5,991,890	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	4,513,170	4,492,690	5,202,014	4,136,265	3,636,838	2,346,239	N/A	N/A	N/A	N/A
Total	<u>\$ 12,555,951</u>	<u>\$ 13,489,466</u>	<u>\$ 13,166,413</u>	<u>\$ 11,774,246</u>	<u>\$ 8,713,787</u>	<u>\$ 8,338,129</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	5,198,406	4,553,704	4,553,704	4,691,845	3,484,871	4,543,452	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	154.72%	197.57%	174.90%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 843,020	\$ 779,204	\$ 750,130	\$ 572,856	\$ 503,435	\$ 309,457	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(843,020)	(779,204)	(750,130)	(572,856)	(503,435)	(309,457)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 4,929,942	\$ 4,786,265	\$ 5,198,406	\$ 4,553,704	\$ 4,691,845	\$ 3,484,871	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0190%	0.0190%	0.0197%	0.0225%	0.0219%	0.0231%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 5,544,402	\$ 5,077,197	\$ 4,694,077	\$ 4,440,719	\$ 3,233,547	\$ 2,625,759	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 2,662,324	\$ 2,538,987	\$ 2,525,490	\$ 2,722,808	\$ 2,439,546	\$ 2,431,952	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 554,637	\$ 480,869	\$ 394,330	\$ 350,740	\$ 322,571	\$ 287,159	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(554,637)	(480,869)	(394,330)	(350,740)	(322,571)	(287,159)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 2,812,418	\$ 2,662,324	\$ 2,538,987	\$ 2,525,490	\$ 2,722,808	\$ 2,439,546	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	\$ 74,805	\$ 100,354	\$ 97,431	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	50,365	40,521	38,265	N/A	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	N/A
Adjustments to balances	(157,495)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	108,415	(47,246)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(71,982)	(71,597)	(55,714)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	4,108	22,032	79,982	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	1,352,168	1,330,136	1,250,154	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<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>	<u>N/A</u>
Covered payroll	4,525,611	4,031,088	\$ 4,031,088	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	29.97%	33.54%	33.00%	N/A	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, 2020

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#### 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	\$ 8,559,245
Less Fund 14 Fund Balance	(460)
Less Fund 17 Fund Balance	(1,145,061)
Less Fund 20 Fund Balance	(1,029,903)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 6,383,821</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 358,719
Less Fund 14 Net Change in Fund Balance	(7)
Less Fund 17 Net Change in Fund Balance	(17,296)
Less Fund 20 Net Change in Fund Balance	(50,969)
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 290,447</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, 2020, 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, 2020

### Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions: There were no changes to assumptions in 2015, 2016, 2017, 2019 and 2020. In 2018 there was a change in discount rate from 7.60% to 7.10%.

### Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016, 2017 and 2018 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016, 2017, 2018 and 2019 (measurement dates). 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
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	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

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. 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, 2020

### Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions. There were no changes in assumptions in 2015, 2017, and 2020. In 2016 the discount rate was changed from 7.50% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience study and review of actuarial assumptions published December 2017. There were no changes to the discount rate in this period.

### Schedule of District's Contributions – CalPERS

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016 and 2017 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates) used the following actuarial methods and assumptions, applied to all periods included in the measurement:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	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
Investment Rate of Return	7.50%	7.65%	7.65%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/18
Experience Study	07/01/97 - 06/30/11	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	7.15%	7.50%	7.50%
Consumer Price Inflation	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%
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, 2020

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

1. Benefit Changes: There were no benefit changes during the 2019-20 fiscal year
2. Changes in Assumptions: There was an adjustment in discount rate from 3.62% to 3.13% during the 2019-20 fiscal year.
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%

Combining Statements as Supplementary Information



# San Pasqual Valley Unified School District

## Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund Bond Interest & Redemption Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash in County Treasury	\$ 121,812	\$ 175,558	\$ 337,583	\$ 634,953
Accounts Receivable	78,777	61,977	749	141,503
Stores Inventories	5,272	-	-	5,272
<b>Total Assets</b>	<u>\$ 205,861</u>	<u>\$ 237,535</u>	<u>\$ 338,332</u>	<u>\$ 781,728</u>
<b>Liabilities and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ 974	\$ -	\$ -	\$ 974
Total Liabilities	<u>974</u>	<u>-</u>	<u>-</u>	<u>974</u>
Fund Balance:				
Nonspendable	5,272	-	-	5,272
Restricted	199,615	237,535	338,332	775,482
Total Fund Balance	<u>204,887</u>	<u>237,535</u>	<u>338,332</u>	<u>780,754</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 205,861</u>	<u>\$ 237,535</u>	<u>\$ 338,332</u>	<u>\$ 781,728</u>

# San Pasqual Valley Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Governmental Funds  
June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund Bond Interest & Redemption Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Federal Revenue	\$ 534,208	\$ 61,564	\$ -	\$ 595,772
Other State Revenue	197,705	-	556	198,261
Interest	3,392	2,613	3,276	9,281
Other Local Revenue	4,331	4,987	421,539	430,857
Total Revenues	<u>739,636</u>	<u>69,164</u>	<u>425,371</u>	<u>1,234,171</u>
<b>Expenditures</b>				
Current Expenditures:				
Instruction	183,381	-	-	183,381
Instruction - Related Services	11,838	-	-	11,838
Pupil Services	560,514	-	-	560,514
Plant Services	65,262	-	-	65,262
Debt Service:				
Principal	-	-	125,000	125,000
Interest	-	-	337,253	337,253
Total Expenditures	<u>820,995</u>	<u>-</u>	<u>462,253</u>	<u>1,283,248</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(81,359)</u>	<u>69,164</u>	<u>(36,882)</u>	<u>(49,077)</u>
<b>Other Financing Sources (Uses)</b>				
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	18,641	69,164	(36,882)	50,923
Fund Balance, Beginning of Year	186,246	168,371	375,214	729,831
Fund Balance, End of Year	<u>\$ 204,887</u>	<u>\$ 237,535</u>	<u>\$ 338,332</u>	<u>\$ 780,754</u>

# San Pasqual Valley Unified School District

## Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>				
Cash in County Treasury	\$ 9,820	\$ 61,999	\$ 49,993	\$ 121,812
Accounts Receivable	3,375	151	75,251	78,777
Stores Inventories	-	-	5,272	5,272
<b>Total Assets</b>	<u>\$ 13,195</u>	<u>\$ 62,150</u>	<u>\$ 130,516</u>	<u>\$ 205,861</u>
<b>Liabilities and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ -	\$ 210	\$ 764	\$ 974
Total Liabilities	<u>-</u>	<u>210</u>	<u>764</u>	<u>974</u>
Fund Balance:				
Nonspendable	-	-	5,272	5,272
Restricted	13,195	61,940	124,480	199,615
Total Fund Balance	<u>13,195</u>	<u>61,940</u>	<u>129,752</u>	<u>204,887</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 13,195</u>	<u>\$ 62,150</u>	<u>\$ 130,516</u>	<u>\$ 205,861</u>

## San Pasqual Valley Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Special Revenue Funds  
June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
<b>Revenues</b>				
Federal Revenue	\$ -	\$ -	\$ 534,208	\$ 534,208
Other State Revenue	41,204	120,599	35,902	197,705
Interest	356	1,182	1,854	3,392
Other Local Revenue	539	-	3,792	4,331
Total Revenues	<u>42,099</u>	<u>121,781</u>	<u>575,756</u>	<u>739,636</u>
<b>Expenditures</b>				
Current Expenditures:				
Instruction	55,251	128,130	-	183,381
Instruction - Related Services	11,838	-	-	11,838
Pupil Services	-	-	560,514	560,514
General Administration	-	-	-	-
Plant Services	-	-	65,262	65,262
Total Expenditures	<u>67,089</u>	<u>128,130</u>	<u>625,776</u>	<u>820,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,990)</u>	<u>(6,349)</u>	<u>(50,020)</u>	<u>(81,359)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	100,000	100,000
Total Other Financing Sources (Use)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	(24,990)	(6,349)	49,980	18,641
Fund Balance, Beginning of Year	38,185	68,289	79,772	186,246
Fund Balance, End of Year	<u>\$ 13,195</u>	<u>\$ 61,940</u>	<u>\$ 129,752</u>	<u>\$ 204,887</u>

## San Pasqual Valley Unified School District

### Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2020

---

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Cash in County Treasury	\$ 39,686	\$ 135,872	\$ 175,558
Accounts Receivable	93	61,884	61,977
<b>Total Assets</b>	<u>\$ 39,779</u>	<u>\$ 197,756</u>	<u>\$ 237,535</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted	<u>39,779</u>	<u>197,756</u>	<u>237,535</u>
Total Fund Balance	<u>39,779</u>	<u>197,756</u>	<u>237,535</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 39,779</u>	<u>\$ 197,756</u>	<u>\$ 237,535</u>

## San Pasqual Valley Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Capital Projects Funds  
June 30, 2020

---

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Federal Revenue	\$ -	\$ 61,564	\$ 61,564
Interest	556	2,057	2,613
Other Local Revenue	4,986	1	281,457
Total Revenues	<u>5,542</u>	<u>63,622</u>	<u>69,164</u>
<b>Expenditures</b>			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	5,542	63,622	69,164
Fund Balance, Beginning of Year	34,237	134,134	168,371
Fund Balance, End of Year	<u>\$ 39,779</u>	<u>\$ 197,756</u>	<u>\$ 237,535</u>

## Other Supplementary Information

## San Pasqual Valley Unified School District

### Local Education Agency Organization Structure

June 30, 2020

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**

<b>Name</b>	<b>Office</b>	<b>Term and Term Expiration</b>
Lisa Aguerro	President	Four Year Term Expires December 2020
Bernadine Swift Arrow	Vice President	Four Year Term Expires December 2020
Sally DeCrose	Clerk	Four Year Term Expires December 2020
Thomas Jefferson	Member	Four Year Term Expires December 2022
Sofia Dominguez	Member	Four Year Term Expires December 2022

#### **ADMINISTRATION**

Rauna Fox  
Superintendent

Kish Curtis  
Chief Business Official



# San Pasqual Valley Unified School District

## Schedule of Average Daily Attendance

Year Ended June 30, 2020

	Second Period Report Certificate #6CAFC749		Annual Report Certificate #97A19F03	
	Original	Revised	Revised	Revised
TK/K-3				
Regular ADA	169.18	N/A	169.18	N/A
Extended Year Special Education	0.05	N/A	0.05	N/A
Total TK/K-3	169.23	N/A	169.23	N/A
Grades 4-6				
Regular ADA	153.38	N/A	153.38	N/A
Extended Year Special Education	0.02	N/A	0.02	N/A
Total Grades 4-6	153.40	N/A	153.40	N/A
Grades 7-8				
Regular ADA	85.71	N/A	85.71	N/A
Community Day School	1.56	N/A	1.56	N/A
Total Grades 7-8	87.27	N/A	87.27	N/A
Grades 9-12				
Regular ADA	189.83	N/A	189.83	N/A
Extended Year Special Education	0.10	N/A	0.10	N/A
Community Day School	0.81	N/A	0.81	N/A
Total Grades 9-12	190.74	N/A	190.74	N/A
Total ADA	600.64	N/A	600.64	N/A

N/A – There were no audit findings which resulted in necessary revisions to attendance for the Second Period Report.

On March 17, 2020 Governor Newsom signed Senate Bill (SB) 117 which mitigated the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provided that the ADA used for both the second period (P2) and the Annual period apportionment include all full school months from July 1, 2019 to February 29, 2020 for all local education agencies (LEAs).

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

# San Pasqual Valley Unified School District

## Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	Minutes Requirement	2019-20 Actual Minutes	2019-20 COVID-19 Closure Minutes	2019-20 Total Instructional Minutes	2019-20 Actual School Days	2019-20 COVID-19 Closure Days	2019-20 Total School Days	Status
Transitional Kindergarten	36,000	40,198	16,332	56,530	128	52	180	Complied
Kindergarten	36,000	40,198	16,332	56,530	128	52	180	Complied
1st Grade	50,400	41,770	16,970	58,740	128	52	180	Complied
2nd Grade	50,400	41,770	16,970	58,740	128	52	180	Complied
3rd Grade	50,400	42,556	17,289	59,845	128	52	180	Complied
4th Grade	54,000	42,556	17,289	59,845	128	52	180	Complied
5th Grade	54,000	42,556	17,289	59,845	128	52	180	Complied
6th Grade	54,000	44,102	17,918	62,020	128	52	180	Complied
7th Grade	54,000	44,102	17,918	62,020	128	52	180	Complied
8th Grade	54,000	44,102	17,918	62,020	128	52	180	Complied
9th Grade	64,800	46,321	18,819	65,140	128	52	180	Complied
10th Grade	64,800	46,321	18,819	65,140	128	52	180	Complied
11th Grade	64,800	46,321	18,819	65,140	128	52	180	Complied
12th Grade	64,800	46,321	18,819	65,140	128	52	180	Complied

Due to COVID-19 the District closed campus on March 17, 2020 through the end of the school year. Distance learning was provided to students for school days during the closure. This schedule has been reflected based on the original approved calendar and instructional time planned by the District for the 2019-20 fiscal year.

School districts must maintain their instructional minutes as defined in Education Code §46201 through §46207. This schedule is required of all school districts, including basic aid districts.

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code §46201 through §46207.

# San Pasqual Valley Unified School District

## Schedule of Financial Trends and Analysis

Year Ended June 30, 2020

General Fund	Budget 2021 (See Note 1)	2020	2019	2018
Revenues and Other Financing Sources	\$ 15,376,560	\$ 14,651,594	\$ 16,059,920	\$ 13,947,795
Expenditures and Other Financing Uses	16,528,633	14,361,147	15,657,462	14,102,389
Net Change in Fund Balance	(1,152,073)	290,447	402,458	(154,594)
Ending Fund Balance	\$ 5,231,748	\$ 6,383,821	\$ 6,093,374	\$ 5,690,916
Available Reserves (See Note 2)	\$ 1,145,061	\$ 1,496,433	\$ 1,127,765	\$ 1,112,038
Available Reserves as a Percentage of Total Outgo	6.93%	10.42%	7.20%	7.89%
Long Term Debt	\$ 8,087,414	\$ 8,140,020	\$ 8,274,039	\$ 5,876,989
Average Daily Attendance at P2	600	600	647	658

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 \$692,905 (12.18%) over the past two years. The fiscal year 2020-21 budget projects a decrease of \$1,152,073 (18.05%). 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 increased by \$2,263,031 (38.51%) over the past two years.

Average daily attendance has decreased by 58 (8.81%) over the past two years.

### Notes:

1. Budget 2021 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.
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.

## San Pasqual Valley Unified School District

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2020

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	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, 2020, annual financial and budget report fund balances	<u>\$ 6,383,821</u>	<u>\$ 460</u>	<u>\$ 1,145,061</u>	<u>\$ 1,029,903</u>
Adjustments and reclassifications:				
Increasing (decreasing) the fund balance:				
Overstatement of Accounts Receivable	-	-	-	-
GASB 54 Fund Presentation	<u>2,175,424</u>	<u>(460)</u>	<u>(1,145,061)</u>	<u>(1,029,903)</u>
Net adjustments and reclassifications	<u>2,175,424</u>	<u>(460)</u>	<u>(1,145,061)</u>	<u>(1,029,903)</u>
June 30, 2020, audited financial statement fund balances	<u>\$ 8,559,245</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, 2020

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As of June 30, 2020, 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, 2020

<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>
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13526	\$ -	\$ 87,155
National School Lunch Program	10.555	13523	-	245,424
National School Lunch Program - Noncash Commodities	10.555	13392	-	12,185
Summer Food Service Program	10.559	13006	-	121,148
Total Child Nutrition Cluster			-	465,912
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	167,827
Total Special Education (IDEA) Cluster			-	167,827
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid PL81.874	84.041	-	-	3,923,626
Passed through California Department of Education				
Title I	84.010	14329	-	424,422
ESSA School Improvement	84.010	15438	-	355
Migrant Education	84.011	14838	-	27,781
Vocational Education	84.048	14894	-	12,118
Indian Education	84.060	10011	-	86,649
Title VI Rural and Low Income Schools	84.358	14356	-	15,176
Title III English Learner	84.365	14346	-	22,635
Title II Supporting Effective Instruction	84.367	14341	-	37,992
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Child Adult Care Food Program	10.558	13394	-	68,296
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Education				
CARES Act - Learning Loss Mitigation	21.019	10149	-	257,067
Total Other Programs			-	4,876,117
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ -</b>	<b>\$ 5,509,856</b>

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, 2020

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### 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 8.61% 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 following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
ESSA School Improvement	84.01	7.90%
Title II Supporting Effective Instruction	84.367	5.87%

### 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	\$ 424,422

## 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  
Winterhaven, 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, 2020, 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 March 31, 2021.

**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.

**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*.

## 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 Halley King & Co., LLP*

El Cajon, California  
March 31, 2021

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  
Winterhaven, 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, 2020. 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, 2020.

## 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

March 31, 2021

## Independent Auditor's Report on State Compliance

To the Board of Education  
San Pasqual Valley Unified School District  
Winterhaven, 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 *2019-20 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, 2020.

### 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 *2019-20 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 *2019-20 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>
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
D. Independent Study.....	No
E. Continuation Education.....	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
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. Transportation Maintenance of Effort.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
<b>School Districts, County Offices of Education, and Charter Schools</b>	
T. California Clean Energy Jobs Act.....	Yes
U. After/Before School Education and Safety Program.....	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
<b>Charter Schools</b>	
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
EE. Annual Instructional Minutes - Classroom Based.....	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.

We did not perform testing for Independent Study. The procedures were not required to be performed since the ADA was below the threshold which required testing.

## **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, 2020.

## **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 *2019-20 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 Hobbly King & Co., LLP*

El Cajon, California  
March 31, 2021

## Auditor's Results, Findings & Recommendations



# San Pasqual Valley Unified School District

## Schedule of Auditor's Results

Year Ended June 30, 2020

### 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)?

           Yes       X       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

August 2020 and  
December 2020 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:

CFDA Number(s)

Name of Federal Program or Cluster

84.041

Impact Aid

21.019

CARES Act - Learning Loss Mitigation

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 *2019-20 Guide for Annual Audits  
of California K-12 Local Education Agencies?*

           Yes       X       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, 2020

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2019-20 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

None

### B. Federal Awards

None

### C. State Award Findings

None

# San Pasqual Valley Unified School District

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2020

Finding/Recommendation	Status	Explanation if Not Implemented
<b>Finding 2019-001</b> <b>Associated Student Body Funds</b>  In our review of disbursements of the student body activities account for San Pasqual Valley High School and Middle School, we noted that none of the invoices were being defaced with a paid stamp.  Continue to provide training to individuals responsible for student body operation and have District personnel monitor transactions on a monthly basis.	Implemented	
<b>Finding 2019-002</b> <b>Attendance</b>  In our testing of attendance at San Pasqual Valley Elementary School we noted that none of the eight teachers tested signed the attendance rosters within one week for any week in month 8. In addition, at San Pasqual Valley Middle School, none of the four teachers tested signed the attendance within one week after the end of the first week in Month 8 attendance period.  Continue to provide training to individuals responsible for attendance (for both certificated and classified employees). Develop a process to ensure that the attendance clerk prints out, has the teachers sign, and collects the signed teachers rosters on a timely basis.	Implemented	