ARVIN UNION SCHOOL DISTRICT
COUNTY OF KERN
ARVIN, CALIFORNIA
AUDIT REPORT
JUNE 30, 2021

Linger, Peterson & Shrum
Certified Public Accountants
575 East Locust Avenue, Suite 308
Fresno, California 93720-2928

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Introductory Section

Arvin Union School District
Audit Report
For The Year Ended June 30, 2021

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Financial Section

LPS
Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Arvin Union School District
Arvin, California 93203

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Arvin Union School District ("the District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Arvin Union School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Arvin Union School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arvin Union School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Arvin Union School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arvin Union School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Arvin Union School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arvin Union School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2021 on our consideration of Arvin Union 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 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 Arvin Union School District's internal control over financial reporting and compliance.

Respectfully submitted,



Linger, Peterson & Shrum
Fresno, California
December 11, 2021

Management's Discussion and Analysis

GEORGIA RHETT
District Superintendent

EMMA PEREIDA-MARTINEZ
Assistant Superintendent

ARVIN UNION
SCHOOL DISTRICT
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ARVIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The discussion and analysis of the Arvin Union School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- Total assets increased $11,069,997. Deferred outflows increased $7,617,894 from the beginning balance. Total liabilities increased $4,073,036 from the beginning balance. Deferred inflows decreased $12,657,503. Net position increased $27,272,412 from the beginning net position.

- The District increased its general obligation bonded debt (including accreted interest) by $359,064. The District decreased capital lease obligations by $215,075. Net OPEB obligations decreased by $0. Compensated absences increased by $41,174. The net pension liability increased by $2,544,105.

- General revenues accounted for $41,143,748 in revenue or 66% of all revenues. Program specific revenues, in the form of charges for services, and operating grants and contributions, and capital grants and contributions accounted for $21,227,676 or 34% of total revenues of $62,371,424.

- The District had $35,148,575 in expenses related to governmental activities; only $17,727,294 of these expenses were offset by program specific operating grants and contributions and $775,722 of these expenses were offset by program specific charges for services and $2,724,660 by capital grants and contributions.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

While this report contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question: "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash was received or paid.

These two statements report the District's net position and changes in the net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All of the District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

- Business-type activities – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District had no business-type activities for the fiscal year ended June 30, 2021.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Cafeteria Fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at the fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and the governmental funds is reconciled in the financial statements.

Enterprise Funds

The Enterprise Fund, when applicable, uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same; however, the District had no Enterprise Funds.

Fiduciary Funds

For assets that belong to others, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and by those to whom the assets belong. A separate Statement of Fiduciary Net Position--Fiduciary Fund and a Statement of Changes in Assets and Liabilities--Agency Fund report the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used by the District to finance its operations.

THE DISTRICT AS A WHOLE

Net Position

The perspective of the Statement of Net Position is of the District as a whole. Table 1 provides a summary of the District's net position for 2021 compared to 2020.

Table 1: Net Position

	Governmental Activities	
	2021	2020
Assets		
Current and other assets	$ 27,794,693	$ 20,224,093
Capital assets, net	47,691,513	44,192,116
Total Assets	$ 75,486,206	$ 64,416,209
Deferred Outflows of Resources	$ 18,642,759	$ 11,024,865
Liabilities		
Current liabilities	$ 5,230,935	$ 3,007,901
Long-term liabilities	107,035,773	105,185,771
Total Liabilities	$ 112,266,708	$ 108,193,672
Deferred Inflows of Resources	$ 907,195	$ 13,564,698
Net Position		
Net investment in capital assets	$ 18,736,031	$ 19,120,035
Restricted	13,816,256	12,433,668
Unrestricted	(51,597,171)	(77,870,999)
Total Net Position	$ (19,044,884)	$ (46,317,296)

Total assets increased $11,069,997. Deferred outflows increased $7,617,894. Total liabilities increased $4,073,036. Deferred inflows decreased $12,657,503. Net position increased $27,272,412 from the beginning net position.

Table 2: Changes in Net Position – Statement of Activities

Table 2 reflects the change in net position on the Statement of Activities for fiscal year 2021 compared to 2020:

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	$ 775,722	$ 497,119
Operating grants and contributions	17,727,294	11,864,403
Capital grants and contributions	2,724,660	-
General revenues		
LCFF sources	34,323,238	34,658,299
Federal revenue	57,661	30,176
State revenues	4,155,285	2,841,684
Local revenues	2,607,564	2,125,042
Total Revenues	$ 62,371,424	$ 52,016,723
Program expenses:		
Instruction	$ 16,048,568	$ 42,425,140
Instruction-related services	5,432,375	9,411,814
Pupil services	4,492,842	8,993,305
Ancillary services	-	157,173
Community services	328,473	916,549
General administration	1,952,655	3,641,179
Plant services	4,187,718	6,505,761
Other outgo	1,419,023	1,654,188
Interest on long-term obligations	1,286,921	1,137,080
Total Expenses	$ 35,148,575	$ 74,842,189
Changes in Net Position	$ 27,222,849	$ (22,825,466)

Governmental Activities

The Statement of Activities reflects the cost of program services and the operating grants and contributions offsetting those services. Table 3, for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues and unrestricted state entitlements.

Table 3: Governmental Activities

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction and instruction-related services	$ 21,480,943	$ 9,613,788	$ 51,836,954	$ 44,657,353
Pupil services	4,492,842	883,993	8,993,305	5,595,556
General administration	1,952,655	(1,616,457)	3,641,179	3,130,671
Plant services	4,187,718	2,164,799	6,505,761	5,364,369
Ancillary services	-	-	157,173	139,418
Community services	328,473	168,832	916,549	802,032
Other outgo	1,419,023	1,419,023	1,654,188	1,654,188
Interest on long-term debt	1,286,921	1,286,921	1,137,080	1,137,080
	$ 35,148,575	$ 13,920,899	$ 74,842,189	$ 62,480,667

THE DISTRICT'S FUNDS

The District's governmental funds are accounted for by using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of $58,826,216, and expenditures and other financing uses of $53,573,027. The positive change in fund balance for the year reflects that the District was able to meet current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2021, the District amended its General Fund budget as needed. The District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had $47,691,513 invested in capital assets. Table 4 reflects fiscal year 2021 balances compared to 2020:

Table 4: Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	$ 1,462,548	$ 1,462,548
Work in progress	4,720,232	258,006
Land Improvements	897,208	867,381
Buildings	38,735,456	40,169,990
Equipment	1,876,069	1,434,191
Totals	$ 47,691,513	$ 44,192,116

Debt

At June 30, 2021, the District had $107,035,773 in long-term debt as compared to $105,185,771 at June 30, 2020. The balance of the general obligation bonds including accreted interest as of June 30, 2021 was $27,667,345, which represents 26% of the District's long-term debt and is being repaid over a 25 year period, with the last payment due in fiscal year 2030. Table 5 reflects fiscal year 2021 balances compared to 2020.

Table 5: Outstanding Debt, at Year-End

	Governmental Activities	
	2021	2020
Postemployment health benefits	$ 36,652,036	$ 36,652,036
General obligation bonds	22,544,223	23,474,223
Accreted interest on general obligation bonds	5,123,122	4,552,186
Early retirement incentives	800,920	962,058
Capital leases	1,181,904	1,396,979
Compensated absences	401,683	360,509
Net pension liability	40,331,885	37,787,780
Totals	$ 107,035,773	$ 105,185,771

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Although the Governor strongly supports education, the State of California continues to lag behind in its financial commitment to schools and districts.

The District's General Fund revenues and other financing sources for the 2021-22 year are budgeted at $50,023,884, as compared to the 2020-21 actual of $51,023,641. Expenditures, other uses, and transfers out are budgeted for 2021-22 at $48,371,429, as compared to the 2020-21 actual of $45,220,419.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This outbreak has continued to spread, and any related adverse public health developments have affected School Districts and Governments globally, resulting in an economic downturn. It has also disrupted the normal operations of the School District, forcing closures and changes needed to operate. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the School District or the results of operations at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chris Davis, Chief Business Official, Arvin Union School District, 737 Bear Mountain Boulevard, Arvin, California 93203.

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Basic Financial Statements

ARVIN UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS:	
Cash in County Treasury	$ 16,732,553
Cash on Hand and in Banks	111,681
Cash in Revolving Fund	6,000
Investments	1,532,732
Accounts Receivable	2,948,765
Due from Grantor Governments	6,331,300
Prepaid Expenses	117,995
Unamortized Issuance Costs	13,721
Capital Assets:	
Land	1,462,548
Land Improvements, Net	897,208
Buildings, Net	38,735,456
Equipment, Net	1,876,069
Work in Progress	4,720,232
Total Assets	75,486,260
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows of Resources - Pensions	7,942,690
Deferred Outflows of Resources - OPEB	10,700,069
Total Deferred Outflows of Resources	18,642,759
LIABILITIES:	
Accounts Payable	1,652,916
Due to Grantor Governments	2,629,156
Unearned Revenue	948,863
Noncurrent Liabilities:	
Net Pension Liability	40,331,885
Other Postemployment Benefit Obligation	36,652,036
Due within one year	1,340,761
Due in more than one year	28,711,091
Total Liabilities	112,266,708
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources - Pensions	907,195
Total Deferred Inflows of Resources	907,195
NET POSITION:	
Net Investment in Capital Assets	18,736,031
Restricted For:	
Debt Service	1,465,939
Capital Projects	8,981,075
Other Purposes	3,369,242
Unrestricted	(51,597,171)
Total Net Position	$ (19,044,884)

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	$ 16,048,568	$ 101,991	$ 9,028,624	$ -	$ (6,917,953)
Instruction-Related Services	5,432,375	31,402	2,705,138	-	(2,695,835)
Pupil Services	4,492,842	19,513	3,589,336	-	(883,993)
Community Services	328,473	1,916	157,725	-	(168,832)
General Administration	1,952,655	10,133	834,319	2,724,660	1,616,457
Plant Services	4,187,718	610,767	1,412,152	-	(2,164,799)
Other Outgo	1,419,023	-	-	-	(1,419,023)
Interest on Long-Term Obligations	1,286,921	-	-	-	(1,286,921)
Total Governmental Activities	35,148,575	775,722	17,727,294	2,724,660	(13,920,899)
Total Primary Government	$ 35,148,575	$ 775,722	$ 17,727,294	$ 2,724,660	(13,920,899)
	General Revenues:				
	LCFF Sources				34,323,238
	Federal Revenues				57,661
	State Revenues				4,155,285
	Local Revenues				2,607,564
	Total General Revenues				41,143,748
	Change in Net Position				27,222,849
	Net Position - Beginning				(46,317,296)
	Prior Period Adjustment				49,563
	Net Position - Ending				$ (19,044,884)

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash in County Treasury	$ 9,787,906	$ 6,944,647	$ 16,732,553
Cash on Hand and in Banks	-	111,681	111,681
Cash in Revolving Fund	5,000	1,000	6,000
Investments	888,986	643,746	1,532,732
Accounts Receivable	2,464,692	484,073	2,948,765
Due from Grantor Governments	6,331,300	-	6,331,300
Due from Other Funds	5,656,002	338,884	5,994,886
Prepaid Expenditures	-	117,995	117,995
Total Assets	25,133,886	8,642,026	33,775,912
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 1,507,722	$ 25,240	$ 1,532,962
Due to Grantor Governments	2,629,156	-	2,629,156
Due to Other Funds	5,442,207	552,679	5,994,886
Unearned Revenue	941,191	7,672	948,863
Total Liabilities	10,520,276	585,591	11,105,867
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	5,000	-	5,000
Restricted Fund Balances	2,075,289	7,388,102	9,463,391
Assigned Fund Balances	12,533,321	668,333	13,201,654
Total Fund Balance	14,613,610	8,056,435	22,670,045
Total Liabilities and Fund Balances	$ 25,133,886	$ 8,642,026	$ 33,775,912

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS,
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances - Balance Sheet, Governmental Funds	$	22,670,045
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets		70,142,327
Accumulated depreciation		(22,450,814)
Certain debt issue costs are recognized in the funds as expenditures in the period the debt was incurred, whereas in the government-wide statements, they are amortized over the life of the debt:		
Unamortized prepaid insurance related to debt		13,721
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable		(119,954)
General obligation bonds payable		(22,544,223)
Accreted interest		(5,123,122)
Other post-employment benefits payable (OPEB)		(36,652,036)
Net pension liability		(40,331,885)
Compensated absences payable		(401,683)
Capital leases payable		(1,181,904)
Early Retirement Incentives-STRS		(708,251)
Early Retirement Incentives-PERS		(92,669)
Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods:		
Deferred outflows of resources related to pensions		7,942,690
Deferred inflows of resources related to pensions		(907,195)
Deferred outflows of resources related to OPEB		10,700,069
Total Fund Balance of Governmental Activities - Statement of Net Position	$	(19,044,884)

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	$ 20,985,526	$ -	$ 20,985,526
Education Protection Account Funds	10,644,421	-	10,644,421
Local Sources	2,693,291	-	2,693,291
Federal Revenue	8,944,148	2,174,251	11,118,399
Other State Revenue	4,627,537	3,538,815	8,166,352
Other Local Revenue	3,128,718	2,089,509	5,218,227
Total Revenues	51,023,641	7,802,575	58,826,216
Expenditures:			
Current:			
Instruction	24,100,254	584,393	24,684,647
Instruction - Related Services	7,248,200	121,417	7,369,617
Pupil Services	4,148,985	1,512,196	5,661,181
Community Services	482,579	-	482,579
General Administration	2,561,516	(16,459)	2,545,057
Plant Services	3,645,659	169,106	3,814,765
Other Outgo	1,419,023	-	1,419,023
Capital Outlay	1,367,403	4,322,827	5,690,230
Debt Service:			
Principal	215,075	930,000	1,145,075
Interest	31,725	729,128	760,853
Total Expenditures	45,220,419	8,352,608	53,573,027
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,803,222	(550,033)	5,253,189
Net Change in Fund Balance	5,803,222	(550,033)	5,253,189
Fund Balance, July 1	8,810,388	8,556,905	17,367,293
Prior Period Adjustment	-	49,563	49,563
Fund Balance, June 30	$ 14,613,610	$ 8,056,435	$ 22,670,045

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$	5,253,189
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Expenditures for capital outlay		5,764,524
Depreciation expense		(2,265,127)
Governmental funds report repayments of long-term debt 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:		1,145,075
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:		
Change in accrued interest payable and accreted interest		(526,068)
Compensated absences		(41,174)
Other post-employment benefits cost in excess of contributions		20,233,563
Early Retirement Incentives-PERS		161,138
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:		(2,502,271)
Change in Net Position of Governmental Activities - Statement of Activities	$	27,222,849

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

Arvin Union School District (District) accounts for its financial transactions in accordance with the policies and procedures of the 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's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes four Funds maintained by the District: The General Fund (Fund 01), the Deferred Maintenance Fund (Fund 14), the Special Reserve Fund for Other Than Capital Outlay (Fund 17) and the Special Reserve Fund for Postemployment Benefits (Fund 20). Although Funds 17 and 20 are separate funds authorized in the Education Code, neither fund meets the definition of a Special Revenue Fund under accounting principles generally accepted in the United States of America, and have therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

The District reports the following nonmajor funds:

Student Body Fund is used to account for revenues received and expenditures made related to student activity funds.

Child Development Fund is used to account for resources committed to child development programs maintained by the District.

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.

Building Fund. This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

County School Facilities Fund is used to account for the accumulation and expenditure of funds for projects funded under the Leroy F. Greene School Facilities Act of 1998, as established by the Board in accordance with Education Code 42840 et seq.

Special Reserve (Capital Projects) Fund is used to account for the accumulation and expenditure of funds for capital outlay purposes, as established by the Board in accordance with Education Code 42840 et seq.

Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements:

These financial statements are reported using the economic resources measurement focus. They 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: 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 one year 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 of 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.

3. Encumbrances

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

4. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern 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 Section 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 Kern 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 at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. Inventories of the General Fund are immaterial and have been omitted from these statements.

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 expenditure when incurred.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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:

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

d. Receivable and Payable Balances

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund 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.

f. Unearned Revenue

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

g. 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.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes for the District.

i. 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 insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, 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. 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 conveys 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.

5. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or 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.

6. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 14 (Deferred Maintenance Fund), Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report, as applicable.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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's 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD) (STRS)	June 30, 2020
Valuation Date (VD) (PERS)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

8. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

9. 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 for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

10. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 84, *Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

GASB Statement No.92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms derivative and derivatives in existing standards to derivative instrument and derivative instruments, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for* Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No**.** 14 and No. 84, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

11. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

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

Statement No. 87, *Leases*

B. Excess of Expenditures Over Appropriations

As of June 30, 2021, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund:	
Certificated Salaries	$ 102,939
Employee Benefits	716,140
Other Outgo	39,023
Debt Service	141,700

General Fund: The District incurred unanticipated expenditures for inflationary salary increases, other outgo and debt service.

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool ($16,732,553 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $16,732,553. 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 ($111,681 as of June 30, 2021) and in the revolving fund $6,000 are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District's investments at June 30, 2021 are shown below.

Investment or Investment Type	Maturity	Fair Value
Cash in County Treasury	Less than 12 months	$ 16,732,553
Cash on Hand and in Banks	Less than 12 months	111,681
Cash in Revolving Fund	Less than 12 months	6,000
Investments	Less than 12 months	1,532,732
Total Investments		$ 18,382,966

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 is restricted by Government Code Section 53635 pursuant to Section 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 credit risk. At year end, the District was not exposed to significant credit risk.

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.

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 year end, the District was not exposed to significant custodial credit risk.

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. At year end, the District was not exposed to significant 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. At year end, the District was not exposed to significant interest rate risk.

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 significant 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 in conformity with GASB Statement No. 77 unless the pool is 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.

D. Accounts Receivable

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

	General Fund	All Other Government Funds	Total Governmental Funds
Federal programs	$ 1,703,630	$ 432,235	$ 2,135,865
State categorical aid programs	608,382	38,552	646,934
Interest	1,644	13,286	14,930
Other local receivables	151,036	-	151,036
Total	$ 2,464,692	$ 484,073	$ 2,948,765

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,462,548	$ -	$ -	$ 1,462,548
Work in progress	258,006	4,462,226	-	4,720,232
Total capital assets not being depreciated	1,720,554	4,462,226	-	6,182,780
Capital assets being depreciated:				
Buildings	56,174,153	464,684	-	56,638,837
Improvements	2,206,479	97,958	-	2,304,437
Equipment	4,276,617	739,656	-	5,016,273
Total capital assets being depreciated	62,657,249	1,302,298	-	63,959,547
Less accumulated depreciation for:				
Buildings	(16,004,163)	(1,899,218)	-	(17,903,381)
Improvements	(1,339,098)	(68,131)	-	(1,407,229)
Equipment	(2,842,426)	(297,778)	-	(3,140,204)
Total accumulated depreciation	(20,185,687)	(2,265,127)	-	(22,450,814)
Total capital assets being depreciated, net	42,471,562	(962,829)	-	41,508,733
Governmental activities capital assets, net	$ 44,192,116	$ 3,499,397	$ -	$ 47,691,513

Depreciation was charged to functions as follows:

Instruction	$ 702,422
Instruction-Related Services	159,239
Pupil Services	188,096
Community Services	500
General Administration	16,372
Plant Services	1,198,498
Total	$ 2,265,127

F. Interfund Balances and Activities

Due To and From Other Funds

Balances due to and due from other funds during the year ended June 30, 2021, consisted of the following:

Fund	Due From	Due To
General Fund	$ 407,678	$ 5,442,207
Child Development Fund	75,317	235,482
Cafeteria Special Revenue Fund	-	317,197
Special Revenue Fund for Other Than Capital Outlay Projects	1,539,000	-
Special Reserve Fund for Postemployment Benefits	3,709,324	-
Building Fund	263,567	-
Total	$ 5,994,886	$ 5,994,886

All amounts due relate to short-term borrowing and are scheduled to be repaid within one year.

G. Accounts Payable

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

	General Fund	All Other Government Funds	Total Governmental Funds
Vendor payables	$ 1,263,517	$ 21,492	$ 1,285,009
Salaries and benefits	205,672	103	205,775
State categorical aid programs	38,533	3,645	42,178
Total	$ 1,507,722	$ 25,240	$ 1,532,962

H. Unearned Revenue

The District has received revenues for programs as advances, or before program expenditures were incurred. Such revenues are reported in these statements as "unearned", and will be recognized in subsequent periods as program expenditures are made.

Unearned revenue at June 30, 2021 consisted of the following:	General Fund	Child Development Fund	Total Governmental Funds
In-Person Instruction (IPI) Grant	$ 561,061	$ -	$ 561,061
After School Kids Code Grant Pilot Program	103,887	-	103,887
After School Education and Safety (ASES)	112,964	-	112,964
Child Nutrition: NSLP Equipment Assistance Grants	18,936	-	18,936
ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	21,094	-	21,094
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13,171	-	13,171
IDEA Basic Local Assistance Entitlement, Part B, Section 611	110,078	-	110,078
California State Preschool Program QRIS Block Grant RFA	-	6,530	6,530
Quality Improvement Activities	-	1,142	1,142
Total:	$ 941,191	$ 7,672	$ 948,863

I. Long-Term Obligations

1. Long-Term Obligation Activity

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

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	$ 23,474,223	$ -	$ 930,000	$ 22,544,223	$ 950,000
Accreted Interest	4,552,186	570,936	-	5,123,122	-
Capital leases	1,396,979	-	215,075	1,181,904	227,462
Other postemployment benefits payable	36,652,036	-	-	36,652,036	-
Compensated absences	360,509	41,174	-	401,683	-
Net pension liability	37,787,780	2,544,105	-	40,331,885	-
Early retirement incentives - STRS	833,332	-	125,081	708,251	125,081
Early retirement incentives - PERS	128,726	-	36,057	92,669	38,218
Total governmental activities	$ 105,185,771	$ 3,156,215	$ 1,306,213	$ 107,035,773	$ 1,340,761

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
General obligation bonds	Governmental	Bond Interest and Redemption
Accreted Interest	Governmental	Bond Interest and Redemption
Capital leases	Governmental	General
Other postemployment benefits payable	Governmental	General
Compensated absences	Governmental	General
Net pension liability	Governmental	General
Early retirement incentives - STRS	Governmental	General
Early retirement incentives - PERS	Governmental	General

2. General Obligation Bonds and Accreted Interest on Capital Appreciation Bonds

The outstanding general obligation bond debt of the District at June 30, 2021, is as follows:

Bond	Issue Date	Maturity Date	Interest Rate %
2004, Series 2004A	5/27/04	5/1/48	3.25-5.90
2004, Series 2008	8/14/08	5/1/48	2.25-6.20
2014, Series 2015A	6/24/15	11/1/44	3.375-4.00
Refunding Bond, Series 2015A	6/24/15	11/1/25	4.00
2014, Series 2017B	2/7/17	11/1/48	1.20-4.50
2018, Series 2019A	3/7/19	11/1/48	3.50-5.00
2014, Series 2019C	12/3/19	11/1/48	6.00
2018, Series 2020B	6/30/20	11/1/49	6.00

Bond	Original Issue	Bonds Outstanding July 1, 2020	Issued During Year	Redeemed During Year	Bonds Outstanding June 30, 2021
2004, Series 2004A	$ 5,059,349	$ 129,349	$ -	$ -	$ 129,349
2004, Series 2008	5,059,874	4,659,874	-	75,000	4,584,874
2014, Series 2015A	3,115,000	2,500,000	-	80,000	2,420,000
Refunding Bond, Series 2015A	3,860,000	2,555,000	-	340,000	2,215,000
2014, Series 2017B	3,500,000	3,155,000	-	120,000	3,035,000
2018, Series 2019A	3,385,000	3,385,000	-	315,000	3,070,000
2014, Series 2019C	4,100,000	4,100,000	-	-	4,100,000
2018, Series 2020B	2,990,000	2,990,000	-	-	2,990,000
	$ 31,069,223	$ 23,474,223	$ -	$ 930,000	$ 22,544,223

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2021 are as follows:

	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2022	$ 950,000	$ 707,477	$ 1,657,477
2023	935,000	662,414	1,597,414
2024	970,000	616,301	1,586,301
2025	635,000	579,938	1,214,938
2026	695,000	552,501	1,247,501
2027-2031	1,377,169	5,914,140	7,291,309
2032-2036	2,852,222	6,108,036	8,960,258
2037-2041	4,030,934	6,897,082	10,928,016
2042-2046	5,605,480	7,690,433	13,295,913
2047-2050	4,493,418	4,138,435	8,631,853
Totals	$ 22,544,223	$ 33,866,757	$ 56,410,980

Year Ending June 30,	Accreted Interest
2022	$ -
2023	-
2024	-
2025	-
2026	-
2027-2031	1,259,699
2032-2036	1,238,416
2037-2041	1,135,991
2042-2046	1,017,338
2047-2050	471,678
Totals	$ 5,123,122

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2021, as follows:

Year Ending June 30:	Principal	Interest	Lease Payment
2022	$ 227,462	$ 27,576	$ 255,038
2023	240,419	22,273	262,692
2024	253,969	16,668	270,637
2025	268,139	10,745	278,884
2026	191,915	4,491	196,406
Total	$ 1,181,904	$ 81,753	$ 1,263,657

4. Early Retirement Incentive

The Board has adopted early retirement incentive programs. Under the State Teachers' Retirement Law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis.

The District has also granted early retirement incentives under CalSTRS to eligible certificated employees and early retirement incentives under CalPERS to eligible classified employees.

The District entered into contracts with certain eligible employees who receive supplementary retirement benefits. Eligible Certificated Non-Management, Certificated Management, Classified Management and Classified or Confidential employees receive contributions to a 403(b) annuity contract.

Year Ending June 30,	Principal	Interest	Total
2022	$ 163,299	$ 48,053	$ 211,352
2023	156,144	38,258	194,402
2024	148,470	29,428	177,898
2025	108,408	19,981	128,389
2026	95,190	13,477	108,667
2027-2028	129,409	10,901	140,310
Totals	$ 800,920	$ 160,098	$ 961,018

J. Compensated Absences

Compensated absences at June 30, 2021 consisted of:

	Compensated Absences	Benefits	Totals
Classified	$ 305,207	$ 96,476	$ 401,683

All amounts are due after one year.

K. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2021, as follows:

Year Ending June 30,	
2022	$ 4,380
2023	2,920
Total	$ 7,300

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases.

L. Pension

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 age 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 Plans' provisions and benefits in effect at June 30, 2021 are summarized as follows:

	CalSTRS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
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, 2021)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2021)	16.150%	16.150%
Required State Contribution Rates (at June 30, 2021)	10.328%	10.328%

*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits
**Amounts are limited to 120% of Social Security Wage Base

	CalPERS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62*
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2021)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2021)	20.7000%	20.7000%

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

c. Contributions

CalSTRS

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

CalPERS

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

On Behalf Payments

Consistent with California Education Code Section 22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 (measurement date June 30, 2020) 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 paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

	CalSTRS	
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount
2019	14.798%	2,293,777
2020	10.328%	1,959,354
2021	10.328%	1,604,385

	CalPERS	
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount
2019	7.992%	353,735

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

d. Contributions Recognized

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

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 2,529,939	$ 1,227,947	$ 3,757,886
Contributions - State On Behalf Payments	1,604,385	-	1,604,385
Total Contributions	$ 4,134,324	$ 1,227,947	$ 5,362,271

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

As of June 30, 2021 (measured June 30, 2020), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 27,500,836
CalPERS	12,831,049
Total Net Pension Liability	$ 40,331,885

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

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

	CalSTRS			
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	CalPERS
Proportion June 30, 2020	0.0285%	0.0156%	0.0441%	0.0417%
Proportion June 30, 2021	0.0284%	0.0146%	0.0430%	0.0418%
Change in Proportion	-0.0001%	-0.0009%	-0.0011%	0.0001%

*Represents State's Proportionate Share on Behalf of District employees

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 1,754,003	$ 790,101	$ 2,544,104
On Behalf Contribution Amount	1,604,385	-	1,604,385
Employer Contributions to Pension Plan	2,529,939	1,227,947	3,757,886
Change in Contributions Subsequent to Measurement Date	(129,203)	39,466	(89,737)
Change in Other Outflows/Inflows of Resources	1,118,153	(1,076,319)	41,834
Total Pension Expense	$ 6,877,277	$ 981,195	$ 7,858,472

b. Deferred Outflows and Inflows of Resources

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ 2,529,939	$ 1,227,947	$ 3,757,886
Differences between actual and expected experience	48,526	636,380	684,906
Changes in assumptions	2,681,721	47,052	2,728,773
Change in employer's proportionate share	-	117,275	117,275
Net difference between projected and actual earnings	653,262	588	653,850
Total Deferred Outflows of Resources	$ 5,913,448	$ 2,029,242	$ 7,942,690

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	$ (775,571)	$ -	$ (775,571)
Changes in assumptions	-	-	-
Change in employer's proportionate share	-	-	-
Net difference between projected and actual earnings	-	(131,624)	(131,624)
Total Deferred Inflows of Resources	$ (775,571)	$ (131,624)	$ (907,195)

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

	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
Year Ended June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2022	$ 2,999,689	$ 1,695,691	$ (220,511)	$ (131,624)	$ 4,343,245
2023	1,090,945	226,981	(166,593)	-	1,151,333
2024	1,312,435	77,129	(117,783)	-	1,271,781
2025	426,947	29,441	(117,783)	-	338,605
2026	41,716	-	(113,881)	-	(72,165)
Thereafter	41,716	-	(39,020)	-	2,696
Total	$ 5,913,448	$ 2,029,242	$ (775,571)	$ (131,624)	$ 7,035,495

c. Actuarial Assumptions

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

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

(1) CalSTRS post retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% CALSTRS AND 7.15% for CalPERS**.** The projection of cash flows used to determine the discount rate assumed the contributions from 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 District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

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

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

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

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. 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.

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

CalSTRS

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

*20 year average

CalPERS

Asset Class*	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% used for this period

*** An expected inflation of 2.92% used for this period

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:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 41,549,954	$ 18,446,972
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 27,500,836	$ 12,831,049
1% Increase	8.10%	8.15%
Net Pension Liability	$ 15,901,337	$ 8,170,114

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

CalSTRS - Governmental Activities

	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, 2020 (Previously Reported)	$ 145,723,216	$ 105,740,887	$ 39,982,329	$ 14,235,496	$ 25,746,833
Changes for the year:					
CalSTRS Auditor Adjustment	-	-	-	-	-
Change in Prop share	(501,932)	363,468	(865,400)	(929,873)	64,473
Service Cost	3,156,695	-	3,156,695	1,073,750	2,082,945
Interest	10,035,194	-	10,035,194	3,413,471	6,621,723
Differences between expected and actual experience	(414,155)	-	(414,155)	(140,875)	(273,280)
Change in assumptions	442,540	-	442,540	150,530	292,010
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	2,614,835	(2,614,835)	(889,436)	(1,725,399)
Employee	-	1,606,320	(1,606,320)	(546,390)	(1,059,930)
State On Behalf Payments	-	1,912,439	(1,912,439)	(650,516)	(1,261,923)
Net Investment Income	-	4,345,004	(4,345,004)	(1,477,953)	(2,867,051)
Other Income	-	43,619	(43,619)	(14,837)	(28,782)
Benefit Payments, including refunds of employee contributions	(4,547,483)	(4,547,483)	-	-	-
Administrative expenses	-	94,127	(94,127)	(32,017)	(62,110)
Borrowing Costs	-	40,723	(40,723)	(13,852)	(26,871)
Other Expenses	-	2,731	(2,731)	(929)	(1,802)
Net Changes	8,170,859	6,475,783	1,695,076	(58,927)	1,754,003
Balance at June 30, 2021	$ 153,894,075	$ 112,216,670	$ 41,677,405	$ 14,176,569	$ 27,500,836

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020 (Previously Reported)	$ 40,199,906	$ 28,158,958	$ 12,040,948
Changes for the year:			
Change in Proportionate Share	349,033	202,439	146,594
Service Cost	963,017	-	963,017
Interest	2,887,407	-	2,887,407
Differences between expected and actual experience	189,210	-	189,210
Change in Assumptions	-	-	-
Contributions:			
Employer	-	1,198,564	(1,198,564)
Employee	-	438,245	(438,245)
Nonemployer	-	378,035	(378,035)
Net Investment Income	-	1,421,199	(1,421,199)
Plan to Plan Resource Movement	-	68	(68)
Benefit Payments, including refunds of employee contributions	(1,953,468)	(1,953,468)	-
Administrative expenses	-	(39,984)	39,984
Other expenses	-	-	-
Net Changes	2,435,199	1,645,098	790,101
Balance at June 30, 2021	$ 42,635,105	$ 29,804,056	$ 12,831,049

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.

M. Other Retirement Plans

Section 403(b) Tax-Sheltered Annuity Plan

Plan Description

The District's Board of Trustees authorized the establishment of a Section 403(b) Tax-Sheltered Annuity Plan**.** This is a retirement plan funded by elective deferrals made under salary reduction agreements.

Funding Policy

All eligible employees electing to participate in this plan choose the amount of monthly compensation deferrals up to the maximums allowed by the Internal Revenue Code and its regulations and rulings. The District does not contribute to the plan on behalf of participating employees. For the fiscal year ended June 30, 2021, there were 67 employees that had elected to participate, with total compensation deferrals of $282,659.

N. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

Arvin Union School District provides medical insurance benefits to those retiring from the District under a single employer defined benefit OPEB plan. The health and welfare benefit plans of the District include medical, prescription drug, behavioral health insurance, and dental and vision insurance. The medical plans include two Blue Cross Prudent Buyer options (one for classified, the other for all other groups). Prescription drug coverage is carved out and provided through two Medco Drug Card plans, one for each of the PPO options, with behavioral health benefits carved out and provided through BHP**.** Delta Dental and VSP vision insurance are also offered to both active employees and retirees of the District**.** Dental and vision benefits through the Self-Insured Schools of California (SISC).

Benefit provisions and the authority to pay benefits as they come due are established and may be amended by the District, as approved by the Board of Education. The OPEB Plan is administered by the District. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The OPEB plan does not issue stand-alone financial reports that are available to the public.

Eligibility for District-Paid Benefits

Certificated (Arvin Teachers Association) and Certificated Management

If hired prior to July 1, 1993, age 55 and completing at least 7 1/2 consecutive years of full-time service with the District.

If hired on or after July 1, 1993, age 55 and completing at least 15 consecutive years of full-time service with the District.

At age 52, with 30 consecutive years of service, regardless of date of employment.

Classified (CSEA) and Confidential

If hired prior to July 1, 1991, age 50 and completing at least 5 consecutive years of full-time service with the District.

If hired between July 1, 1991, and June 30, 1999, age 50 and completing at least 10 consecutive years of full-time service with the District.

If hired after July 1, 1999, age 55 and completing at least 15 consecutive years of full-time service with the District.

Duration of District-Paid Benefits

Certificated (Arvin Teachers Association) and Certificated Management

If hired prior to July 1, 1992, for life plus additional premium for eligible spouse after age 65 if enrolled in Medicare Part B.

If hired between July 1, 1992 and June 30, 1997, for retiree's life only.

If hired on or after July 1, 1997, until age 65.

Classified (CSEA) and Confidential

If hired prior to July 1, 1997, until age 75 (spousal benefits end at age 65).

If hired on or after July 1, 1997, until age 65.

Employees Covered by Benefit Terms

At June 30, 2021, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	85
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	290
Total number of participants	375

2. Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary Increases	2.75% per year
Discount Rate	2.20%
Healthcare Cost Trend Rates	4.00% per year
Retiree's Share of Costs	0.00% of projected health insurance premiums

The discount rate was based on the Bond Buyer 20 Bond Index.

Mortality rates were based on the 2017 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. The CalPERS mortality tables created by CalPERS are modified versions of the Society of Actuaries Scale BB mortality table, as adjusted for data from CalSTRS members.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	$ 36,652,036
Changes for the year:	
None	-
Balance at June 30, 2021	$ 36,652,036

There were no changes in benefit terms for the fiscal year ended June 30, 2021. There were no changes to any other inputs or assumptions.

As the report date can be within 12 months of the measurement date, the District is reporting the amounts from the 6/30/2020 measurement date (from the table above) as the amounts as of 6/30/2021 (one year lag). Therefore, in the actuary report, the amounts are shown as 6/30/2019 through 6/30/2020, however, the District will present these numbers as 6/30/2020 through 6/30/2021.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point-higher than the current discount rate:

	1% Decrease 1.20%	Discount Rate 2.20%	1% Increase 3.20%
Total OPEB Liability	$ 40,912,908	$ 36,652,036	$ 32,970,841

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00%	Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	$ 32,076,875	$ 36,652,036	$ 42,148,532

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB benefit of $20,233,563.

At June 30, 2021 the District reported the following deferred outflows of resources related to other postemployment benefits.

	Deferred Outflows of Resources
Experience gains/losses	$ 6,496,402
Contributions made subsequent to measurement date	4,203,667
	$ 10,700,069

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows.

Year ending June 30,	Deferred Outflows of Resources
2022	1,954,099
2023	874,598
2024	874,598
2025	874,598
2026	874,598
Thereafter	5,247,578
Total	10,700,069

At June 30, 2021 the District reported no deferred inflows.

O. 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 to view 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. Pending Assessment for Disputed Tax Revenues

The Kern County Auditor-Controller's Office has impounded disputed revenues of school district taxes on secured and unsecured property based on claims or actions filed for the return of such tax revenues. The claims and actions are regarding the valuation of mineral rights that could trigger repayment of property taxes. Revenues are impounded until the final disposition of the claim or action.

The Kern County Auditor-Controller has estimated the contingent liability as of June 30, 2021 as follows:

Pending appeals for taxes	$	264,272
Pending appeals for interest		6,471
Total		270,743
Less amount held by Kern County Auditor-Controller		(107,087)
Net contingent liability	$	163,656

P. Restricted Fund Balances

Restricted fund balances at June 30, 2021 are as follows:

Elementary and Secondary School Relief II (ESSER II) Fund	$	226,121
Medi-Cal Billing Option		38,678
Lottery: Instructional Materials		249,211
Classified School Employee Professional Development Block Grant		23,938
SB 117 COVID-19 LEA Response Funds		11,625
Expanded Learning Opportunities (ELO) Grant		1,147,595
Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff		118,177
Other Restricted Local		259,944
Student Body Fund		45,926
Child Development Fund		77,680
Cafeteria Fund		1,170,347
Building Fund		1,216,931
Capital Facilities Fund		677,330
County Schools Facilities Fund		2,733,949
Bond Interest and Debt Service Fund		1,465,939
Totals	$	9,463,391

Q. Joint Ventures (Joint Powers Agreements)

The District participates in five joint ventures under joint powers agreements (JPAs) as follows:

Partners in Nutrition Cooperative (PINCO)
(commodities and other food items)

Schools Legal Services
(legal services)

Self-Insured Schools of California I (SISC I)
(workers' compensation insurance)

Self-Insured Schools of California II (SISC II)
(property and liability insurance)

Self-Insured Schools of California III (SISC III)
(health insurance)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member school districts.

Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2021 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below:

PINCO	C/O Antelope Valley Union High School District 44811 N. Sierra Highway Lancaster, CA 93534-3226
Schools Legal Services	Kern County Superintendent of Schools 1300 17th St., No. 7 Bakersfield, CA 93301
SISC I, II and III	Self-Insured Schools of California Kern County Superintendent of Schools P. O. Box 1847 Bakersfield, CA 93303-1847

R. Prior Period Adjustment

Adjustments to previously reported amounts relate to the Student Body Fund balance. The Student Body Fund balance has been included in the Governmental financial statements to implement changes as required by GASB 84.

	June 30 2020
Fund balance of the Student Body Fund, as previously reported as a part of the District's governmental funds	$ -
Prior period adjustment related to the implementation of GASB 84	49,563
Fund balance of the Student Body Fund, as restated as a part of the District's governmental funds	$ 49,563

S. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

ARVIN UNION SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	1	2	3	Variance with Final Budget Positive
	Budgeted Amounts			
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 25,756,521	$ 26,215,022	$ 20,985,526	$ (5,229,496)
Education Protection Account Funds	3,647,564	5,540,800	10,644,421	5,103,621
Local Sources	2,388,694	2,500,625	2,693,291	192,666
Federal Revenue	5,552,527	8,995,962	8,944,148	(51,814)
Other State Revenue	3,145,075	3,626,810	4,627,537	1,000,727
Other Local Revenue	340,000	340,000	3,128,718	2,788,718
Total Revenues	40,830,381	47,219,219	51,023,641	3,804,422
Expenditures:				
Current:				
Certificated Salaries	15,533,649	15,871,986	15,974,925	(102,939)
Classified Salaries	5,863,857	5,907,024	5,510,673	396,351
Employee Benefits	10,550,769	10,746,310	11,462,450	(716,140)
Books And Supplies	3,076,510	4,215,217	3,880,919	334,298
Services And Other Operating Expenditures	4,949,603	5,941,597	5,358,227	583,370
Other Outgo	1,380,000	1,380,000	1,419,023	(39,023)
Direct Support/Indirect Costs	-	(25,531)	(1)	(25,530)
Capital Outlay	-	1,503,400	1,367,403	135,997
Debt Service:				
Principal	105,100	105,100	215,075	(109,975)
Interest	-	-	31,725	(31,725)
Total Expenditures	41,459,488	45,645,103	45,220,419	424,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	(629,107)	1,574,116	5,803,222	4,229,106
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(629,107)	1,574,116	5,803,222	4,229,106
Fund Balance, July 1	8,810,361	8,810,388	8,810,388	-
Fund Balance, June 30	$ 8,181,254	$ 10,384,504	$ 14,613,610	$ 4,229,106

ARVIN UNION SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.028%	0.029%	0.027%	0.025%	0.027%	0.030%	0.032%	-	-	-
District's proportionate share of the net pension liability (asset)	$ 27,500,836	$ 25,746,833	$ 25,187,105	25,677,139	21,699,537	19,820,000	$ 18,284,000	$ -	$ -	$ -
State's proportionate share of the net pension liability (asset) associated with the District	14,176,569	14,235,496	14,474,432	15,247,219	14,216,486	10,483,000	11,041,000	-	-	-
Total	$ 41,677,405	$ 39,982,329	$ 39,661,537	$ 40,924,358	$ 35,916,023	$ 30,303,000	$ 29,325,000	$ -	$ -	$ -
District's covered-employee payroll	$ 16,244,027	$ 16,463,248	$ 16,297,033	$ 6,447,332	$ 8,351,558	$ 10,483,000	$ 11,041,000	$ -	$ -	$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	169.30%	156.39%	154.55%	398.26%	259.83%	189.07%	165.60%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	72.92%	72.56%	70.99%	69.46%	69.93%	74.02%	74.00%	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

ARVIN UNION SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 2,529,939	$ 2,659,142	$ 2,511,201	2,162,700	1,050,626	1,533,128	$ 1,213,395	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(2,529,939)	(2,659,142)	(2,511,201)	(2,162,700)	(1,050,626)	(1,533,128)	(1,213,395)	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 16,244,027	$ 16,463,248	$ 16,297,033	8,993,779	8,351,558	14,288,000	$ 13,664,000	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	15.57%	16.15%	15.41%	24.05%	12.58%	10.73%	8.88%	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

ARVIN UNION SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.042%	0.041%	0.039%	0.038%	0.037%	0.036%	0.037%	-	-	-
District's proportionate share of the net pension liability (asset)	$ 12,831,049	$ 12,040,948	$ 10,322,104	$ 8,941,735	$ 7,255,909	$ 5,320,000	$ 4,168,000	$ -	$ -	$ -
District's covered-employee payroll	$ 6,227,743	$ 6,367,972	$ 6,207,102	$ 8,993,779	$ 4,810,707	$ 4,428,000	$ 3,995,000	$ -	$ -	$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	206.03%	189.09%	166.30%	99.42%	150.83%	120.14%	104.33%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	69.91%	70.05%	70.85%	71.87%	73.92%	79.43%	79.40%	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

ARVIN UNION SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 1,227,947	$ 1,188,481	$ 1,055,493	$ 799,568	$ 668,111	$ 524,611	$ 470,294	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(1,227,947)	(1,188,481)	(1,055,493)	(799,568)	(668,111)	(524,611)	(470,294)	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,227,743	$ 6,367,972	$ 6,207,102	$ 5,148,207	$ 4,810,707	$ 4,428,000	$ 3,995,000	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	19.72%	18.66%	17.00%	15.53%	13.89%	11.85%	11.77%	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

ARVIN UNION SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
SINGLE EMPLOYER PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	$ -	$ 777,765	$ 777,765	$ 756,949	$ -	$ -	$ -	$ -	$ -	$ -
Interest	-	976,390	981,020	947,524	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Experience gains/losses	-	3,692,198	-	-	-	-	-	-	-	-
Changes of assumptions or other inputs	-	7,677,566	-	-	-	-	-	-	-	-
Benefit payments	-	(985,517)	(1,770,642)	(867,072)	-	-	-	-	-	-
Net change in total OPEB liability	-	12,138,402	(11,857)	837,401	-	-	-	-	-	-
Total OPEB liability - beginning	36,652,036	24,513,634	24,525,491	23,688,090	-	-	-	-	-	-
Total OPEB liability - ending	$ 36,652,036	$ 36,652,036	$ 24,513,634	$ 24,525,491	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 22,471,770	$ 22,504,135	$ 21,490,032	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total OPEB liability as a percentage of covered-employee payroll	163.10%	162.87%	114.07%	-	-	-	-	-	-	-

Notes to Schedule:

There were no changes of benefit terms in 2021.

There were no changes of assumptions in 2021. The following are the discount rates used in each period.

2021	2.20%
2020	2.20%
2019	4.00%
2018	4.00%
2017	NA
2016	NA
2015	NA
2014	NA
2013	NA
2012	NA

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

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Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

ARVIN UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
ALL GENERAL FUNDS
JUNE 30, 2021

	General Fund	Deferred Maintenance Fund
ASSETS:		
Cash in County Treasury	$ 9,128,368	$ 1,172
Cash in Revolving Fund	5,000	-
Investments	-	-
Accounts Receivable	2,463,048	3
Due from Grantor Governments	6,331,300	-
Due from Other Funds	407,678	-
Total Assets	18,335,394	1,175
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 1,507,722	$ -
Due to Grantor Governments	2,629,156	-
Due to Other Funds	5,442,207	-
Unearned Revenue	941,191	-
Total Liabilities	10,520,276	-
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	5,000	-
Restricted Fund Balances	2,075,289	-
Assigned Fund Balances	5,734,829	1,175
Total Fund Balance	7,815,118	1,175
Total Liabilities and Fund Balances	$ 18,335,394	$ 1,175

Special Reserve General Fund	Post Employment Benefits Fund	Totals June 30, 2021
$ 261,054	$ 397,312	$ 9,787,906
-	-	5,000
643,747	245,239	888,986
651	990	2,464,692
-	-	6,331,300
1,539,000	3,709,324	5,656,002
2,444,452	4,352,865	25,133,886
$ -	$ -	$ 1,507,722
-	-	2,629,156
-	-	5,442,207
-	-	941,191
-	-	10,520,276
-	-	5,000
-	-	2,075,289
2,444,452	4,352,865	12,533,321
2,444,452	4,352,865	14,613,610
$ 2,444,452	$ 4,352,865	$ 25,133,886

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Deferred Maintenance Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 20,985,526	$ -
Education Protection Account Funds	10,644,421	-
Local Sources	2,693,291	-
Federal Revenue	8,944,148	-
Other State Revenue	4,627,537	-
Other Local Revenue	3,121,489	14
Total Revenues	51,016,412	14
Expenditures:		
Current:		
Instruction	24,100,254	-
Instruction - Related Services	7,248,200	-
Pupil Services	4,148,985	-
Community Services	482,579	-
General Administration	2,561,516	-
Plant Services	3,645,659	-
Other Outgo	1,419,023	-
Capital Outlay	1,367,403	-
Debt Service:		
Principal	215,075	-
Interest	31,725	-
Total Expenditures	45,220,419	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,795,993	14
Net Change in Fund Balance	5,795,993	14
Fund Balance, July 1	2,019,125	1,161
Fund Balance, June 30	$ 7,815,118	$ 1,175

Special Reserve General Fund	Post Employment Benefits Fund	Totals June 30, 2021
$ -	$ -	$ 20,985,526
-	-	10,644,421
-	-	2,693,291
-	-	8,944,148
-	-	4,627,537
2,941	4,274	3,128,718
2,941	4,274	51,023,641
-	-	24,100,254
-	-	7,248,200
-	-	4,148,985
-	-	482,579
-	-	2,561,516
-	-	3,645,659
-	-	1,419,023
-	-	1,367,403
-	-	215,075
-	-	31,725
-	-	45,220,419
2,941	4,274	5,803,222
2,941	4,274	5,803,222
2,441,511	4,348,591	8,810,388
$ 2,444,452	$ 4,352,865	$ 14,613,610

ARVIN UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund: Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	$ 1,184,184	$ 1,467,107	$ 4,293,356	$ 6,944,647
Cash on Hand and in Banks	45,926	-	65,755	111,681
Cash in Revolving Fund	1,000	-	-	1,000
Investments	-	-	643,746	643,746
Accounts Receivable	473,330	-	10,743	484,073
Due from Other Funds	75,317	-	263,567	338,884
Prepaid Expenditures	117,995	-	-	117,995
Total Assets	1,897,752	1,467,107	5,277,167	8,642,026
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 19,040	$ 1,168	$ 5,032	$ 25,240
Due to Other Funds	552,679	-	-	552,679
Unearned Revenue	7,672	-	-	7,672
Total Liabilities	579,391	1,168	5,032	585,591
Fund Balance:				
Restricted Fund Balances	1,293,953	1,465,939	4,628,210	7,388,102
Assigned Fund Balances	24,408	-	643,925	668,333
Total Fund Balance	1,318,361	1,465,939	5,272,135	8,056,435
Total Liabilities and Fund Balances	$ 1,897,752	$ 1,467,107	$ 5,277,167	$ 8,642,026

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund: Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	$ 2,174,251	$ -	$ -	$ 2,174,251
Other State Revenue	806,409	7,746	2,724,660	3,538,815
Other Local Revenue	17,746	1,436,429	635,334	2,089,509
Total Revenues	2,998,406	1,444,175	3,359,994	7,802,575
Expenditures:				
Current:				
Instruction	584,393	-	-	584,393
Instruction - Related Services	121,417	-	-	121,417
Pupil Services	1,512,196	-	-	1,512,196
General Administration	-	-	(16,459)	(16,459)
Plant Services	-	-	169,106	169,106
Capital Outlay	649	-	4,322,178	4,322,827
Debt Service:				
Principal	-	930,000	-	930,000
Interest	-	729,128	-	729,128
Total Expenditures	2,218,655	1,659,128	4,474,825	8,352,608
Excess (Deficiency) of Revenues Over (Under) Expenditures	779,751	(214,953)	(1,114,831)	(550,033)
Net Change in Fund Balance	779,751	(214,953)	(1,114,831)	(550,033)
Fund Balance, July 1	489,047	1,680,892	6,386,966	8,556,905
Prior Period Adjustment	49,563	-	-	49,563
Fund Balance, June 30	$ 1,318,361	$ 1,465,939	$ 5,272,135	$ 8,056,435

ARVIN UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Student Activity Special Revenue Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-3)
ASSETS:				
Cash in County Treasury	$ -	$ 233,775	$ 950,409	$ 1,184,184
Cash on Hand and in Banks	45,926	-	-	45,926
Cash in Revolving Fund	-	-	1,000	1,000
Accounts Receivable	-	39,324	434,006	473,330
Due from Other Funds	-	75,317	-	75,317
Prepaid Expenditures	-	-	117,995	117,995
Total Assets	45,926	348,416	1,503,410	1,897,752
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ -	$ 3,174	$ 15,866	$ 19,040
Due to Other Funds	-	235,482	317,197	552,679
Unearned Revenue	-	7,672	-	7,672
Total Liabilities	-	246,328	333,063	579,391
Fund Balance:				
Restricted Fund Balances	45,926	77,680	1,170,347	1,293,953
Assigned Fund Balances	-	24,408	-	24,408
Total Fund Balance	45,926	102,088	1,170,347	1,318,361
Total Liabilities and Fund Balances	$ 45,926	$ 348,416	$ 1,503,410	$ 1,897,752

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Student Activity Special Revenue Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-4)
Revenues:				
Federal Revenue	$ -	$ 53,471	$ 2,120,780	$ 2,174,251
Other State Revenue	-	695,984	110,425	806,409
Other Local Revenue	6,837	2,888	8,021	17,746
Total Revenues	6,837	752,343	2,239,226	2,998,406
Expenditures:				
Current:				
Instruction	-	584,393	-	584,393
Instruction - Related Services	10,474	110,943	-	121,417
Pupil Services	-	-	1,512,196	1,512,196
Capital Outlay	-	649	-	649
Total Expenditures	10,474	695,985	1,512,196	2,218,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,637)	56,358	727,030	779,751
Net Change in Fund Balance	(3,637)	56,358	727,030	779,751
Fund Balance, July 1	-	45,730	443,317	489,047
Prior Period Adjustment	49,563	-	-	49,563
Fund Balance, June 30	$ 45,926	$ 102,088	$ 1,170,347	$ 1,318,361

ARVIN UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Building Fund	Capital Facilities Fund
ASSETS:		
Cash in County Treasury	$ 950,878	$ 615,151
Cash on Hand and in Banks	-	65,755
Investments	-	-
Accounts Receivable	2,486	1,456
Due from Other Funds	263,567	-
Total Assets	1,216,931	682,362
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ -	$ 5,032
Total Liabilities	-	5,032
Fund Balance:		
Restricted Fund Balances	1,216,931	677,330
Assigned Fund Balances	-	-
Total Fund Balance	1,216,931	677,330
Total Liabilities and Fund Balances	$ 1,216,931	$ 682,362

County School Facilities Fund	Special Reserve (Capital Projects) Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-3)
$ 2,727,148	$ 179	$ 4,293,356
-	-	65,755
-	643,746	643,746
6,801	-	10,743
-	-	263,567
2,733,949	643,925	5,277,167
$ -	$ -	$ 5,032
-	-	5,032
2,733,949	-	4,628,210
-	643,925	643,925
2,733,949	643,925	5,272,135
$ 2,733,949	$ 643,925	$ 5,277,167

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Building Fund	Capital Facilities Fund
Revenues:		
Other State Revenue	$ -	$ -
Other Local Revenue	26,901	599,148
Total Revenues	26,901	599,148
Expenditures:		
Current:		
General Administration	(16,459)	-
Plant Services	83,087	86,019
Capital Outlay	4,322,178	-
Total Expenditures	4,388,806	86,019
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,361,905)	513,129
Net Change in Fund Balance	(4,361,905)	513,129
Fund Balance, July 1	5,578,836	164,201
Fund Balance, June 30	$ 1,216,931	$ 677,330

County School Facilities Fund	Special Reserve (Capital Projects) Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-4)
$ 2,724,660	$ -	$ 2,724,660
9,284	1	635,334
2,733,944	1	3,359,994
-	-	(16,459)
-	-	169,106
-	-	4,322,178
-	-	4,474,825
2,733,944	1	(1,114,831)
2,733,944	1	(1,114,831)
5	643,924	6,386,966
$ 2,733,949	$ 643,925	$ 5,272,135

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Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

ARVIN UNION SCHOOL DISTRICT

LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2021

The District was established in about 1913 in the city of Arvin, located in Kern County. There were no changes in the boundaries of the District during the year ended June 30, 2021. The District is currently operating three elementary schools and one intermediate school.

Governing Board

Name	Office	Term Expiration
Monica Franetovich	President	2024
Lilianna Nunez	Clerk	2022
Geri Rivera	Member	2022
Toni Pichardo	Member	2022
Wendy Gonzalez	Member	2024

Administration

Georgia Rhett
Superintendent

Emma Pereida-Martinez
Assistant Superintendent

Chris Davis
Chief Business Official

ARVIN UNION SCHOOL DISTRICT

TABLE D-1

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2021

Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	Annual Instructional Day Requirement	Number of Days of Instruction	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	N/A	N/A	180	180	N/A	Complied
Kindergarten	N/A	N/A	180	180	N/A	Complied
Grade 1	N/A	N/A	180	180	N/A	Complied
Grade 2	N/A	N/A	180	180	N/A	Complied
Grade 3	N/A	N/A	180	180	N/A	Complied
Grade 4	N/A	N/A	180	180	N/A	Complied
Grade 5	N/A	N/A	180	180	N/A	Complied
Grade 6	N/A	N/A	180	180	N/A	Complied
Grade 7	N/A	N/A	180	180	N/A	Complied
Grade 8	N/A	N/A	180	180	N/A	Complied

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207**.** This schedule is required of all districts, including basic aid districts.

Pursuant to Education Code Section 43502(d)(1), the annual instructional minutes requirements are waived in fiscal year 2020-21. However, local education agencies must meet annual instructional day requirements.

In fiscal year 2020-21, for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction. A minimum day of instruction is as follows:

-180 instructional minutes in transitional kindergarten (TK)/kindergarten
-230 instructional minutes in grades 1 to 3, inclusive
-240 instructional minutes in grades 4 to 12, inclusive

The district met the daily minimum requirement and complied with the annual instructional day requirement.

ARVIN UNION SCHOOL DISTRICT

TABLE D-2

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2021

General Fund	Budget 2022 (see note 1)	2021	2020	2019
Revenues and other financial sources	$ 50,023,884	$ 44,698,152	$ 44,698,152	$ 44,664,818
Expenditures	48,371,429	43,012,947	43,012,947	43,816,901
Other uses and transfers out	-	-	-	500,000
Total outgo	48,371,429	43,012,947	43,012,947	44,316,901
Change in fund balance (deficit)	1,652,455	1,685,205	1,685,205	347,917
Ending fund balance	$ 12,148,049	$ 10,495,594	$ 8,810,389	$ 7,125,184
Available reserves (see note 2)	$ 1,451,273	$ 5,795,993	$ 1,697,461	$ 2,434,809
Available reserves as a percentage of total outgo	3.0%	13.5%	3.9%	5.5%
Total long-term debt	$ 107,035,773	$ 107,035,773	$ 105,695,012	$ 83,384,346
Average daily attendance at P-2	2,957	2,957	2,957	2,976

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 fund balance of the General Fund has increased by $3,370,410 (47.3%) over the past two years. The fiscal year 2021-2022 budget projects an increase of $1,652,455 (15.7%). For a District of this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out and other uses (total outgo).

The District has not incurred any operating deficits in any of the past three years, but projects an increase during the 2021-2022 fiscal year. Total long-term debt has increased by $22,310,666 over the past two years.

Average daily attendance has decreased by 19 over the past two years. During fiscal year 2021-2022, no change in average daily attendance is anticipated.

NOTES:

1. The budget for 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

ARVIN UNION SCHOOL DISTRICT

TABLE D-3

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	Cafeteria Fund	Student Body Fund
June 30, 2021, annual financial and budget report fund balances	$ 738,112	$ -
Adjustments and reclassifications:		
Decreasing the fund balance:		
Stores inventory adjustment to physical count	432,235	-
Prior year audit adjustment	-	45,980
Net adjustments and reclassifications	432,235	45,980
June 30, 2021, audited financial statement fund balances	$ 1,170,347	$ 45,980

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

ARVIN UNION SCHOOL DISTRICT

TABLE D-4

SCHEDULE OF CHARTER SCHOOLS AND OTHER INFORMATION
YEAR ENDED JUNE 30, 2021

No charter schools are chartered by Arvin Union School District.

Charter Schools	Included In Audit?
None	N/A

Subrecipients
The District did not provide any awards to subrecipients.

De Minimis Cost Rate
The District did not elect to use the 10% de minimis cost rate.

Excess Sick Leave
The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

ARVIN UNION SCHOOL DISTRICT **TABLE D-5**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
CCDF CLUSTER:			
U. S. Department of Education			
Passed Through California Department of Education:			
Child Dev: Coronavirus Response and Relief Supplemental Appropriations (CF	93.575	15555	$ 53,471
Total U. S. Department of Education			53,471
Total CCDF Cluster			53,471
CHILD NUTRITION CLUSTER:			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
School Breakfast Program-Basic	10.553	13525	462,426
National School Lunch Program	10.555	13523, 13524	949,641
Total Passed Through State Department of Education			1,412,067
Total U. S. Department of Agriculture			1,412,067
Total Child Nutrition Cluster			1,412,067
MEDICAID CLUSTER:			
U. S. Department of Health and Human Services			
Passed Through County Office of Education:			
DEPT HEALTH SERVICE: MEDI-CAL BILLING OPTION (DHS)	93.778	10013	96,339
Total U. S. Department of Health and Human Services			96,339
Total Medicaid Cluster			96,339
SPECIAL EDUCATION (IDEA) CLUSTER:			
U. S. Department of Education			
Passed Through California Department of Education:			
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 6	84.027	13379	453,676
Total U. S. Department of Education			453,676
Total Special Education (IDEA) Cluster			453,676
OTHER PROGRAMS:			
U. S. Department of the Treasury			
Passed Through California Department of Education:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	3,557,064
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	996,582
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	618,164
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigatic	84.425C	15517	132,943
Total Passed Through California Department of Education			5,304,753
Total U. S. Department of the Treasury			5,304,753
U. S. Department of Education			
Passed Through California Department of Education:			
Child Nutrition: CACFP Claims - Centers and Family Day Care	10.558	13393	90,961
Child Nutrition: CACFP Claims - Centers and Family Day Care	10.558	13393	578,999
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,537,793
ESEA (ESSA): Title I, Part C, Migrant Education (MESRP)	84.011	10144	46,712
ESEA (ESSA): Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	748,166
ESEA (ESSA): Title IV, Part B, 21st Century Community Learning Centers Pro	84.287	14349	223,190
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346	260,654
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	119,668
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Gra	84.424	15396	153,197
Total Passed Through California Department of Education			3,759,340
Total U. S. Department of Education			3,759,340
U. S. Department of Agriculture			
Passed Through State Department of Education:			
Child Nutrition: Fresh Fruit and Vegetable Program	10.582	14968	38,753
Total U. S. Department of Agriculture			38,753
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 11,118,399

The accompanying notes are an integral part of this schedule.

ARVIN UNION SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Arvin Union School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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.

Arvin Union School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The District did not participate in any loan or loan guarantee programs as described in Title 2, Code of Federal Regulations, Part 200.502(b) during the year.

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Other Independent Auditor's Reports

LPS
Certified Public Accountants

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

Board of Trustees
Arvin Union School District
Arvin, California 93203

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Arvin Union School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Arvin Union School District's basic financial statements, and have issued our report thereon dated December 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Arvin Union School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arvin Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Arvin Union 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 Arvin Union School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 11, 2021

Certified Public Accountants

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

Board of Trustees
Arvin Union School District
Arvin, California 93203

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Arvin Union 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 Arvin Union School District's major federal program for the year ended June 30, 2021. Arvin Union School District's major federal program is 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 Arvin Union 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 the Arvin Union 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 the Arvin Union School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Arvin Union 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 its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Arvin Union 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 the Arvin Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Arvin Union 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 considered 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.

Respectfully submitted,



Linger, Peterson & Shrum
Fresno, California
December 11, 2021

Independent Auditor's Report on State Compliance

Board of Trustees
Arvin Union School District
Arvin, California 93203

Members of the Board of Trustees:

Report on State Compliance

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

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810**.** We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States; and the State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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 the state laws and regulations applicable to the following items:

Compliance Requirements	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
CHARTER SCHOOLS:	
Independent Study-Course Based	N/A
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Charter School Facility Grant Program	N/A

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

Opinion on State Compliance

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

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, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Linger, Peterson & Shrum
Fresno, California
December 11, 2021

Findings and Recommendations Section

ARVIN UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

2. Federal Awards

Internal control over major programs:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425C	Governor's Emergency Education Relief (GEER) Fund

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes	____	No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? ____ Yes X No

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

B. Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of "Government Auditing Standards."

There were no Financial Statement findings or questioned costs.

C. Federal Award Findings and Questioned Costs

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

There were no Federal award findings or questioned costs.

D. State Award Findings and Questioned Costs

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

There were no State award findings or questioned costs.

ARVIN UNION SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
2020-001 Classroom Teacher Salaries [61000] The District did not meet the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers. The percentage should have been at least 60%, and it was only 57.29%.	Implemented	Not Applicable