ARVIN UNION SCHOOL DISTRICT
COUNTY OF KERN
ARVIN, CALIFORNIA
AUDIT REPORT
JUNE 30, 2020

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, 2020

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Financial Section

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Arvin Union School District as of June 30, 2020, 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.

Other Matters

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 identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements**.** Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arvin Union School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arvin Union School District's internal control over financial reporting and compliance.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
March 19, 2021

Management's Discussion and Analysis

GEORGIA RHETT
District Superintendent

EMMA PEREIDA-MARTINEZ
Assistant Superintendent

ARVIN UNION
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ARVIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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 2020 are as follows:

- Total assets increased $7,598,609. Deferred outflows increased $852,630 from the beginning balance. Total liabilities increased $22,199,648 from the beginning balance. Deferred inflows increased $9,077,056. Net position decreased $22,825,466 from the beginning net position.

- The District increased its general obligation bonded debt (including accreted interest) by $7,064,690. The District decreased capital lease obligations by $198,051. Net OPEB obligations increased by $12,138,402. Compensated absences increased by $106,126. The net pension liability increased by $2,278,571.

- General revenues accounted for $39,655,201 in revenue or 76% of all revenues. Program specific revenues, in the form of charges for services, and operating grants and contributions, accounted for $12,361,522 or 24% of total revenues of $52,016,723.

- The District had $74,842,189 in expenses related to governmental activities; only $11,864,403 of these expenses were offset by program specific operating grants and contributions and $497,119 of these expenses were offset by program specific charges for services.

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 2020?" 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, 2020.

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, such as the Scholarship Fund and/or Student Body Funds, 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 2020 compared to 2019.

Table 1: Net Position

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 20,224,093	$ 14,690,403
Capital assets, net	44,192,116	42,127,197
Total Assets	$ 64,416,209	$ 56,817,600
Deferred Outflows of Resources	$ 11,024,865	$ 10,172,235
Liabilities		
Current liabilities	$ 3,007,901	$ 2,609,678
Long-term liabilities	105,185,771	83,384,346
Total Liabilities	$ 108,193,672	$ 85,994,024
Deferred Inflows of Resources	$ 13,564,698	$ 4,487,642
Net Position		
Net investment in capital assets	$ 19,120,035	$ 23,521,163
Restricted	12,433,668	4,326,765
Unrestricted	(77,870,999)	(51,339,758)
Total Net Position	$ (46,317,296)	$ (23,491,830)

Total assets increased $7,598,609. Deferred outflows increased $852,630. Total liabilities increased $22,199,648. Deferred inflows increased $9,077,056. Net position decreased $22,825,466 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 2020 compared to 2019:

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	$ 497,119	$ 262,905
Operating grants and contributions	11,864,403	12,396,181
General revenues		
LCFF sources	34,658,299	33,557,184
Federal revenue	30,176	59,287
State revenues	2,841,684	4,634,502
Local revenues	2,125,042	2,156,625
Total Revenues	$ 52,016,723	$ 53,066,684
Program expenses:		
Instruction	$ 42,425,140	$ 29,696,733
Instruction-related services	9,411,814	6,599,506
Pupil services	8,993,305	6,983,994
Ancillary services	157,173	60,889
Community services	916,549	551,556
General administration	3,641,179	2,459,323
Plant services	6,505,761	4,802,252
Other outgo	1,654,188	1,733,974
Interest on long-term obligations	1,137,080	960,581
Total Expenses	$ 74,842,189	$ 53,848,808
Changes in Net Position	$ (22,825,466)	$ (782,124)

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

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction and instruction-related services	$ 51,836,954	$ 44,657,353	$ 36,296,239	$ 28,868,578
Pupil services	8,993,305	5,595,556	6,983,994	3,329,107
General administration	3,641,179	3,130,671	2,459,323	1,989,102
Plant services	6,505,761	5,364,369	4,802,252	3,810,961
Ancillary services	157,173	139,418	60,889	49,845
Community services	916,549	802,032	551,556	447,574
Other outgo	1,654,188	1,654,188	1,733,974	1,733,974
Interest on long-term debt	1,137,080	1,137,080	960,581	960,581
	$ 74,842,189	$ 62,480,667	$ 53,848,808	$ 41,189,722

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 $57,120,901, and expenditures and other financing uses of $51,887,394. 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 2020, 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 $44,192,116 invested in capital assets. Table 4 reflects fiscal year 2020 balances compared to 2019:

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

	Governmental Activities	
	2020	2019
Land	$ 1,462,548	$ 1,462,548
Work in progress	258,006	2,070,221
Land Improvements	867,381	865,437
Buildings	40,169,990	36,121,314
Equipment	1,434,191	1,607,677
Totals	$ 44,192,116	$ 42,127,197

Debt

At June 30, 2020, the District had $105,185,771 in long-term debt as compared to $83,384,346 at June 30, 2019. The balance of the general obligation bonds including accreted interest as of June 30, 2020 was $28,026,409, which represents 27% 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 2020 balances compared to 2019.

Table 5: Outstanding Debt, at Year-End

	Governmental Activities	
	2020	2019
Postemployment health benefits	$ 36,652,036	$ 24,513,634
General obligation bonds	23,474,223	16,944,223
Accreted interest on general obligation bonds	4,552,186	4,017,496
Early retirement incentives	962,058	550,371
Capital leases	1,396,979	1,595,030
Compensated absences	360,509	254,383
Net pension liability	37,787,780	35,509,209
Totals	$ 105,185,771	$ 83,384,346

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 2020-21 year are budgeted at $43,423,968, as compared to the 2019-20 actual of $44,685,135. Expenditures, other uses, and transfers out are budgeted for 2020-21 at $42,824,595, as compared to the 2019-20 actual of $43,012,947.

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, potentially leading to 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

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, 2020

	Governmental Activities
ASSETS:	
Cash in County Treasury	$ 8,706,146
Cash on Hand and in Banks	65,755
Cash in Revolving Fund	6,000
Cash with a Fiscal Agent/Trustee	3,059,564
Investments	1,532,732
Accounts Receivable	1,407,057
Due from Grantor Governments	5,291,473
Stores Inventories	23,650
Prepaid Expenses	117,995
Unamortized Issuance Costs	13,721
Capital Assets:	
Land	1,462,548
Land Improvements, Net	867,381
Buildings, Net	40,169,990
Equipment, Net	1,434,191
Work in Progress	258,006
Total Assets	64,416,209
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows of Resources - Pensions	10,063,193
Deferred Outflows of Resources - OPEB	961,672
Total Deferred Outflows of Resources	11,024,865
LIABILITIES:	
Accounts Payable	1,619,938
Due to Grantor Governments	1,233,028
Unearned Revenue	154,935
Noncurrent Liabilities:	
Net Pension Liability	37,787,780
Other Postemployment Benefit Obligation	36,652,036
Due within one year	1,306,213
Due in more than one year	29,439,742
Total Liabilities	108,193,672
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources - Pensions	3,069,532
Deferred Inflows of Resources - OPEB	10,495,166
Total Deferred Inflows of Resources	13,564,698
NET POSITION:	
Net Investment in Capital Assets	19,120,035
Restricted For:	
Debt Service	1,680,892
Capital Projects	10,135,440
Other Purposes	617,336
Unrestricted	(77,870,999)
Total Net Position	$ (46,317,296)

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
PRIMARY GOVERNMENT:				
Governmental Activities:				
Instruction	$ 42,425,140	$ 114,226	$ 5,834,219	$ (36,476,695)
Instruction-Related Services	9,411,814	24,729	1,206,427	(8,180,658)
Pupil Services	8,993,305	26,070	3,371,679	(5,595,556)
Ancillary Services	157,173	374	17,381	(139,418)
Community Services	916,549	2,411	112,106	(802,032)
General Administration	3,641,179	10,809	499,699	(3,130,671)
Plant Services	6,505,761	318,500	822,892	(5,364,369)
Other Outgo	1,654,188	-	-	(1,654,188)
Interest on Long-Term Obligations	1,137,080	-	-	(1,137,080)
Total Governmental Activities	74,842,189	497,119	11,864,403	(62,480,667)
Total Primary Government	$ 74,842,189	$ 497,119	$ 11,864,403	(62,480,667)
	General Revenues:			
	LCFF Sources			34,658,299
	Federal Revenues			30,176
	State Revenues			2,841,684
	Local Revenues			2,125,042
	Total General Revenues			39,655,201
	Change in Net Position			(22,825,466)
	Net Position - Beginning			(23,491,830)
	Net Position - Ending			$ (46,317,296)

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	$ 3,826,939	$ 2,499,780	$ 2,379,427	$ 8,706,146
Cash on Hand and in Banks	-	-	65,755	65,755
Cash in Revolving Fund	5,000	-	1,000	6,000
Cash with a Fiscal Agent/Trustee	-	2,835,013	224,551	3,059,564
Investments	888,986	-	643,746	1,532,732
Accounts Receivable	1,158,539	16,511	232,007	1,407,057
Due from Grantor Governments	5,291,473	-	-	5,291,473
Due from Other Funds	5,813,332	263,567	74,732	6,151,631
Stores Inventories	-	-	23,650	23,650
Prepaid Expenditures	-	-	117,995	117,995
Total Assets	16,984,269	5,614,871	3,762,863	26,362,003
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 1,345,438	$ 36,035	$ 73,643	$ 1,455,116
Due to Grantor Governments	1,233,028	-	-	1,233,028
Due to Other Funds	5,441,622	-	710,009	6,151,631
Unearned Revenue	153,793	-	1,142	154,935
Total Liabilities	8,173,881	36,035	784,794	8,994,710
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	5,000	-	1,000	6,000
Stores Inventories	-	-	23,650	23,650
Prepaid Items	-	-	117,995	117,995
Restricted Fund Balances	316,664	5,578,836	2,145,770	8,041,270
Assigned Fund Balances	6,878,877	-	602,492	7,481,369
Unassigned:				
Other Unassigned	1,609,847	-	-	1,609,847
Unassigned, reported in nonmajor:				
Special Revenue Funds	-	-	43,356	43,356
Capital Projects Funds	-	-	43,806	43,806
Total Fund Balance	8,810,388	5,578,836	2,978,069	17,367,293
Total Liabilities and Fund Balances	$ 16,984,269	$ 5,614,871	$ 3,762,863	$ 26,362,003

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Balance Sheet, Governmental Funds	$	17,367,293
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		64,377,803
Accumulated depreciation		(20,185,687)
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		(164,822)
General obligation bonds payable		(23,474,223)
Accreted interest		(4,552,186)
Other post-employment benefits payable (OPEB)		(36,652,036)
Net pension liability		(37,787,780)
Compensated absences payable		(360,509)
Capital leases payable		(1,396,979)
Early Retirement Incentives-STRS		(833,332)
Early Retirement Incentives-PERS		(128,726)
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		10,063,193
Deferred inflows of resources related to pensions		(3,069,532)
Deferred outflows of resources related to OPEB		961,672
Deferred inflows of resources related to OPEB		(10,495,166)
Total Fund Balance of Governmental Activities - Statement of Net Position	$	(46,317,296)

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, 2020

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 28,476,931	$ -	$ -	$ 28,476,931
Education Protection Account Funds	3,641,440	-	-	3,641,440
Local Sources	2,539,928	-	-	2,539,928
Federal Revenue	4,152,026	-	2,430,532	6,582,558
Other State Revenue	5,276,446	-	733,068	6,009,514
Other Local Revenue	611,381	41,107	1,646,235	2,298,723
Total Revenues	44,698,152	41,107	4,809,835	49,549,094
Expenditures:				
Current:				
Instruction	24,857,954	-	563,455	25,421,409
Instruction - Related Services	5,683,836	-	61,021	5,744,857
Pupil Services	3,857,772	-	2,629,798	6,487,570
Ancillary Services	87,156	-	-	87,156
Community Services	553,870	-	-	553,870
General Administration	2,473,532	-	111	2,473,643
Plant Services	3,891,545	4,979	72,758	3,969,282
Other Outgo	1,321,883	332,305	-	1,654,188
Capital Outlay	180,356	3,461,483	586,860	4,228,699
Debt Service:				
Principal	105,043	-	560,000	665,043
Interest	-	-	601,677	601,677
Total Expenditures	43,012,947	3,798,767	5,075,680	51,887,394
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,685,205	(3,757,660)	(265,845)	(2,338,300)
Other Financing Sources (Uses):				
Proceeds From Sale of Bonds	-	7,089,999	-	7,089,999
Other Sources	-	10,894	470,914	481,808
Total Other Financing Sources (Uses)	-	7,100,893	470,914	7,571,807
Net Change in Fund Balance	1,685,205	3,343,233	205,069	5,233,507
Fund Balance, July 1	7,125,183	2,235,603	2,773,000	12,133,786
Fund Balance, June 30	$ 8,810,388	$ 5,578,836	$ 2,978,069	$ 17,367,293

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 BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds	$	5,233,507
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		4,155,134
Depreciation expense		(2,090,215)
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:		665,043
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		(535,403)
Compensated absences		(106,126)
Other post-employment benefits cost in excess of contributions		(21,671,896)
Early Retirement Incentives-STRS		(418,336)
Early Retirement Incentives-PERS		6,649
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Amounts recognized in the funds as proceeds from debt were:		(7,094,320)
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:		(969,503)
Change in Net Position of Governmental Activities - Statement of Activities	$	(22,825,466)

The accompanying notes are an integral part of this statement.

ARVIN UNION SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Custodial Fund Student Body Fund
ASSETS:	
Cash on Hand and in Banks	$ 49,563
Total Assets	49,563
LIABILITIES:	
Due to Student Groups	$ 49,563
Total Liabilities	49,563
NET POSITION:	
Total Net Position	$ -

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, except for fiduciary activities. 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 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.

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

The District reports the following nonmajor 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.

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.

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund 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.

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 bu 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, 2018
Valuation Date (VD) (PERS)	June 30, 2017
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

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. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

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 because 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 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 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 fiscal years 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. 84, *Fiduciary Activities*

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

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

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

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, 2020, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund:	
Employee Benefits	$ 2,682,230
Other Outgo	23,383
Building Fund:	
Services and other operating expenditures	337,284

General fund: The District did not budget for the state on-behalf contribution for STRS and other outgo.

Building fund: The District incurred unanticipated expenditures for services and other operating expenditures.

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 ($8,706,146 as of June 30, 2020). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $8,706,146. 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 ($65,755 as of June 30, 2020) 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, 2020 are shown below.

Investment or Investment Type	Maturity	Fair Value
Cash in County Treasury	Less than 12 months	$ 8,706,146
Cash on Hand and in Banks	Less than 12 months	65,755
Cash in Revolving Fund	Less than 12 months	6,000
Cash with a Fiscal Agent/Trustee	Less than 12 months	3,059,564
Investments	Less than 12 months	1,532,732
Total Investments		$ 13,370,197

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, 2020 consisted of the following:

	General Fund	Building Fund	All Other Government Funds	Total Governmental Funds
Federal programs	$ 1,420,530	$ -	$ 124,273	$ 1,544,803
State categorical aid programs	185,349	-	105,651	291,000
Other local receivables	4,844,133	16,511	2,083	4,862,727
Total	$ 6,450,012	$ 16,511	$ 232,007	$ 6,698,530

E. Capital Assets

Capital asset activity for the year ended June 30, 2020, 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	(9,519,551)	3,982,671	(5,794,886)	258,006
Total capital assets not being depreciated	(8,057,003)	3,982,671	(5,794,886)	1,720,554
Capital assets being depreciated:				
Buildings	50,368,377	5,805,776	-	56,174,153
Improvements	2,141,423	65,056	-	2,206,479
Equipment	4,180,100	96,517	-	4,276,617
Total capital assets being depreciated	56,689,900	5,967,349	-	62,657,249
Less accumulated depreciation for:				
Buildings	(14,247,063)	(1,757,100)	-	(16,004,163)
Improvements	(1,275,986)	(63,112)	-	(1,339,098)
Equipment	(2,572,423)	(270,003)	-	(2,842,426)
Total accumulated depreciation	(18,095,472)	(2,090,215)	-	(20,185,687)
Total capital assets being depreciated, net	38,594,428	3,877,134	-	42,471,562
Governmental activities capital assets, net	$ 30,537,425	$ 7,859,805	$ (5,794,886)	$ 44,192,116

Depreciation was charged to functions as follows:

Instruction	$ 705,177
Instruction-Related Services	134,036
Pupil Services	188,678
Community Services	500
General Administration	16,673
Plant Services	1,045,151
	$ 2,090,215

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, 2020, consisted of the following:

Fund	Due From	Due To
General Fund	$ 565,008	$ 5,441,622
Child Development Fund	74,732	235,481
Cafeteria Special Revenue Fund	-	474,528
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	$ 6,151,631	$ 6,151,631

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, 2020 consisted of the following:

	General Fund	Building Fund	All Other Government Funds	Total Governmental Funds
Vendor payables	$ 562,986	$ 36,035	$ 71,488	$ 670,509
Salaries and benefits	769,194	-	155	769,349
State categorical aid programs	13,258	-	2,000	15,258
Total	$ 1,345,438	$ 36,035	$ 73,643	$ 1,455,116

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, 2020 consisted of the following:	General Funds	Other Governmental Funds	Total Governmental Funds
State Preschool Grant	$ 585	$ -	$ 585
After School Kids Code Grant Pilot Program	119,108	-	119,108
NSLP Equipment Assistance Grants	18,936	-	18,936
Title IV, Part A, Student Support and Academic Enrichment Grants	15,164	-	15,164
Quality Improvement Activities	-	1,142	1,142
Total:	$ 153,793	$ 1,142	$ 154,935

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, 2020, are as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	$ 16,944,223	$ 7,090,000	$ 560,000	$ 23,474,223	$ 930,000
Accreted Interest	4,017,495	534,691	-	4,552,186	-
Capital leases	1,595,030	(93,008)	105,043	1,396,979	215,075
Other postemployment benefits payable	24,513,634	12,138,402	-	36,652,036	-
Compensated absences	254,383	106,126	-	360,509	-
Net pension liability	35,509,209	2,278,571	-	37,787,780	-
Early retirement incentives - STRS	493,922	418,336	78,926	833,332	125,081
Early retirement incentives - PERS	56,449	87,342	15,065	128,726	36,057
Total governmental activities	$ 83,384,345	$ 22,560,460	$ 759,034	$ 105,185,771	$ 1,306,213

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, 2020, 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, 2019	Issued During Year	Redeemed During Year	Bonds Outstanding June 30, 2020
2004, Series 2004A	$ 5,059,349	$ 129,349	$ -	$ -	$ 129,349
2004, Series 2008	5,059,874	4,734,874	-	75,000	4,659,874
2014, Series 2015A	3,115,000	2,570,000	-	70,000	2,500,000
Refunding Bond, Series 2015A	3,860,000	2,865,000	-	310,000	2,555,000
2014, Series 2017B	3,500,000	3,260,000	-	105,000	3,155,000
2018, Series 2019A	3,385,000	3,385,000	-	-	3,385,000
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	$ 16,944,223	$ 7,090,000	$ 560,000	$ 23,474,223

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2020 are as follows:

	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2021	$ 930,000	$ 729,129	$ 1,659,129
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
2026-2030	1,761,880	5,200,323	6,962,203
2031-2035	2,506,471	6,097,749	8,604,220
2036-2040	3,770,366	6,726,506	10,496,872
2041-2045	5,254,242	7,531,753	12,785,995
2046-2050	5,761,264	5,744,296	11,505,560
Totals	$ 23,474,223	$ 34,595,886	$ 58,070,109

Year Ending June 30,	Accreted Interest
2021	$ -
2022	-
2023	-
2024	-
2025	-
2026-2030	890,645
2031-2035	1,105,196
2036-2040	1,034,369
2041-2045	927,136
2046-2050	594,840
Totals	$ 4,552,186

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2020, as follows:

Year Ending June 30:	Principal	Interest	Lease Payment
2021	$ 215,075	$ 32,588	$ 247,663
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 Minimum Rentals	$ 1,396,979	$ 114,341	$ 1,511,320

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
2021	$ 161,138	$ 57,726	$ 218,864
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
2026-2028	224,599	24,378	248,977
Totals	$ 962,058	$ 217,824	$ 1,179,882

J. Compensated Absences

Compensated absences at June 30, 2020 consisted of:

	Compensated Absences	Benefits	Totals
Classified	$ 277,250	$ 83,259	$ 360,509

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, 2020, as follows:

Year Ending June 30,	
2021	$ 4,380
2022	4,380
2023	2,920
Total Minimum Rentals	$ 11,680

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

L. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 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, 2020 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, 2020)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2020)	17.100%	17.100%
Required State Contribution Rates (at June 30, 2020)	10.328%	10.328%

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

	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, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	19.721%	19.721%

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2020 (measurement date June 30), 2019, Section 22950 of the California Education code requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 17.10% of creditable compensation for the fiscal year ended June 30, 2020 Rates are defined in Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates**.** The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019) the employee contribution rate was 7.00% and employer contribution rate was 19.721% of covered payroll.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019) the State contributed 10.328% of salaries creditable to CalSTRS. Consistent by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 with the requirements of GASB 85, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year.

Contributions made by the State on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS

Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2018	8.292%	1,206,846	1,232,350
2019	14.798%	2,267,473	2,293,777
2020	10.328%	1,606,060	507,693

CalPERS

Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	6.118%	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 as a one time payment in order to reduce employer contribution rates in 2019-20 and 2020-21. As a result, On behalf contributions for the year end June 30, 2019 are not comparable to the remaining years presented.

d. Contributions Recognized

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

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 2,659,142	$ 1,188,481	$ 3,847,623
Contributions - State On Behalf Payments	1,606,060	-	1,606,060
Total Contributions	$ 4,265,202	$ 1,188,481	$ 5,453,683

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 2,494,557	$ 1,044,340	$ 3,538,897
Contributions - State On Behalf Payments	1,606,060	-	1,606,060
Total Contributions	$ 4,100,617	$ 1,044,340	$ 5,144,957

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

As of June 30, 2020 (measured June 30, 2019), 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	$ 25,746,833
CalPERS	12,040,947
Total Net Pension Liability	$ 37,787,780

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2019 and June 30, 2020 were as follows:

	CalSTRS			
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	CalPERS
Proportion June 30, 2019	0.0274%	0.0156%	0.0430%	0.0387%
Proportion June 30, 2020	0.0285%	0.0158%	0.0443%	0.0413%
Change in Proportion	0.0011%	0.0002%	0.0013%	0.0026%

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

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 558,802	$ 1,718,843	$ 2,277,645
State On Behalf Pension Expense	507,693	-	507,693
Employer Contributions to Pension Expense	2,659,142	1,188,481	3,847,623
(Increase)/Decrease in Deferred Outflows of Resources	599,274	(490,232)	109,042
Increase/(Decrease) in Deferred Inflows of Resources	(677,098)	(741,012)	(1,418,110)
Total Pension Expense	$ 3,647,813	$ 1,676,080	$ 5,323,893

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ 2,659,142	$ 1,188,481	$ 3,847,623
Differences between actual and expected experience	53,175	972,867	1,026,042
Changes in assumptions	2,219,867	805,170	3,025,037
Change in employer's proportionate share	1,377,050	787,441	2,164,491
Net difference between projected and actual earnings	-	-	-
Total Deferred Outflows of Resources	$ 6,309,234	$ 3,753,959	$ 10,063,193

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	$ (468,882)	$ (8,949)	$ (477,831)
Changes in assumptions	-	(21,879)	(21,879)
Change in employer's proportionate share	(199,202)	(24,416)	(223,618)
Net difference between projected and actual earnings	(1,621,426)	(724,778)	(2,346,204)
Total Deferred Inflows of Resources	$ (2,289,510)	$ (780,022)	$ (3,069,532)

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, 2021. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2021	$ 4,418,253	$ 2,102,926	$ (923,332)	$ (582,753)	$ 5,015,095
2022	1,459,635	914,442	(922,704)	(199,645)	1,251,729
2023	215,673	482,255	(315,149)	(29,275)	353,505
2024	215,673	254,336	(34,630)	31,651	467,031
2025	-	-	(93,696)	-	(93,696)
Thereafter	-	-	(1)	-	(1)
Total	$ 6,309,234	$ 3,753,959	$ (2,289,510)	$ (780,022)	$ 6,993,661

c. Actuarial Assumptions

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

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

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.

(2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

(3) Wage growth is a component of inflation for CalPERS assumptions.

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

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

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% 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 valuations 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 and expects to complete the process by 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*
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	13.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	9.00%	1.80%
Inflation Sensitive	4.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

*20 year average

CalPERS

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

* In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

** An expected inflation of 2.00% 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 one percentage point lower or one percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 38,339,166	$ 17,356,234
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 25,746,833	$ 12,040,947
1% Increase	8.10%	8.15%
Net Pension Liability	$ 15,305,391	$ 7,631,550

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, 2019 (Previously Reported)	$ 136,083,180	$ 96,601,215	$ 39,481,965	$ 14,293,934	$ 25,188,031
Changes for the year:					
CalSTRS Auditor Adjustment	-	(805)	805	287	518
Change in Prop share	4,149,785	2,945,803	1,203,982	192,086	1,011,896
Service Cost	3,123,178	-	3,123,178	1,112,009	2,011,169
Interest	9,941,932	-	9,941,932	3,539,830	6,402,102
Differences between expected and actual experience	(817,648)	-	(817,648)	(291,124)	(526,524)
Change in benefits	14,166	-	14,166	5,044	9,122
Contributions:					
Employer	-	2,498,751	(2,498,751)	(889,682)	(1,609,069)
Employee	-	1,614,933	(1,614,933)	(574,998)	(1,039,935)
State On Behalf Payments	-	2,361,689	(2,361,689)	(840,881)	(1,520,809)
Net Investment Income	-	6,595,122	(6,595,122)	(2,348,196)	(4,246,925)
Other Income	-	56,489	(56,489)	(20,113)	(36,376)
Benefit Payments, including refunds of employee contributions	(6,771,377)	(6,771,377)	-	-	-
Administrative expenses	-	(112,422)	112,422	40,028	72,394
Borrowing Costs	-	(46,618)	46,618	16,598	30,020
Other Expenses	-	(1,892)	1,892	674	1,218
Net Changes	9,640,036	9,139,672	500,364	(58,438)	558,801
Balance at June 30, 2020	$ 145,723,216	$ 105,740,887	$ 39,982,329	$ 14,235,496	$ 25,746,833

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019 (Previously Reported)	$ 35,406,633	$ 25,084,528	$ 10,322,105
Changes for the year:			
Change in Proportionate Share	2,379,771	1,685,995	693,776
Service Cost	920,001	-	920,001
Interest	2,711,727	-	2,711,727
Differences between expected and actual experience	577,913	-	577,913
Change in Assumptions	-	-	-
Contributions:			
Employer	-	1,044,330	(1,044,330)
Employee	-	418,963	(418,963)
Net Investment Income	-	1,740,164	(1,740,164)
Plan to Plan Resource Movement	-	126	(126)
Benefit Payments, including refunds of employee contributions	(1,796,139)	(1,796,139)	-
Administrative expenses	-	(19,071)	19,071
Other expenses	-	62	(62)
Net Changes	4,793,273	3,074,430	1,718,843
Balance at June 30, 2020	$ 40,199,906	$ 28,158,958	$ 12,040,948

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.

N. Early Retirement Incentive Program

The District has adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District.

Retiree Information

A total of 4 employees have retired in exchange for the additional two years of service credit.

Position Vacated	Age	Service Credit	Retired Employees Salary	Retired Employees Benefits	Replacement Employees (If Applicable) Salary	Replacement Employees (If Applicable) Benefits
Teacher	55	19	$ 95,092	$ 18,923	$ 52,589	$ 18,923
Coach	60	25	101,646	18,923	52,589	18,923
Admin	63	27	124,444	18,923	84,288	18,923
Teacher	58	31	97,154	18,923	44,221	27,291
Totals			$ 418,336	$ 75,692	$ 233,687	$ 84,060

Additional Costs

As a result of the early retirement incentive program, the District expects to incur additional costs. The breakdown in additional costs is as follows:

Retirement Costs	$ 281,533
Health Benefit Costs	151,380
Administrative Costs	1,440
Total Additional Costs	$ 434,353

Yearly Payroll Savings

The District expects this early retirement program to generate annual payroll savings of $176,281 which equals the difference in payroll costs for the three retirees and their replacements.

Financial Impact

The early retirement incentive program is expected to generate $434,353 in additional costs before savings. The program has a pay-back period of 2.464 years.

O. 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, 2020, 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.

The actuarial assumptions used in the valuation were based on the results of CalPERS actuarial experience study for the period July 1, 2011 through June 30, 2017.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	$ 24,513,634
Changes for the year:	
Service cost	777,765
Interest	976,390
Assumption changes	7,677,566
Experience gains/losses	3,692,198
Benefit payments	(985,517)
Net changes	12,138,402
Balance at June 30, 2020	$ 36,652,036

There were no changes in benefit terms for the fiscal year ended June 30, 2020. The interest assumption changed from 4.00% to 2.20%. There were no changes to any other inputs or assumptions.

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, 2020, the District recognized OPEB expense of $21,671,896.

At June 30, 2020 the District reported the following deferred outflows and inflows of resources related to other postemployment benefits.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Assumption changes	$ -	$ 7,086,984
Experience gains/losses	-	3,408,182
Contributions made subsequent to measurement date	961,672	-
	$ 961,672	$ 10,495,166

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

Year ending June 30,	Deferred Inflows of Resources	Deferred Outflows of Resources
2021	$ 961,672	$ 874,598
2022	-	874,598
2023	-	874,598
2024	-	874,598
2025	-	874,598
Thereafter	-	6,122,176
Total	$ 961,672	$ 10,495,166

P. 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, 2020 as follows:

Pending appeals for taxes	$ 176,897
Pending appeals for interest	4,325
Total	181,222
Less amount held by Kern County Auditor-Controller	(107,087)
Net contingent liability	$ 74,135

Q. Construction in Progress

The District has construction contracts-in-progress as follows:

	Project Authorization	Expended to 6/30/2020	Remaining Commitment
Sierra Vista Modular Bldg	$ 1,128,968	$ 363,152	$ 765,816
Sierra Vista Classroom Bldg	4,280,000	825,930	3,454,070
Total	$ 5,408,968	1,189,082	4,219,886

R. Restricted Fund Balances

Restricted fund balances at June 30, 2020 are as follows:

Lottery: Instructional Materials	73,952
Classified School Employee Professional Development	23,938
SB 117 COVID-19 LEA Response Funds	11,641
Other Restricted Local	207,133
Cafeteria Fund	300,672
Building Fund	5,578,836
Capital Facilities Fund	164,201
County Schools Facilities Fund	5
Bond Interest and Debt Service Fund	1,680,892
Totals	$ 8,041,270

S. 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, 2020 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

T. Subsequent Events

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

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, 2020

	1	2	3	Variance with Final Budget Positive
	Budgeted Amounts			
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 27,986,142	$ 27,649,958	$ 28,476,931	$ 826,973
Education Protection Account Funds	4,381,807	4,670,536	3,641,440	(1,029,096)
Local Sources	2,328,942	2,308,327	2,539,928	231,601
Federal Revenue	3,822,187	4,841,639	4,152,026	(689,613)
Other State Revenue	3,337,281	3,666,785	5,276,446	1,609,661
Other Local Revenue	320,000	335,000	611,381	276,381
Total Revenues	42,176,359	43,472,245	44,698,152	1,225,907
Expenditures:				
Current:				
Certificated Salaries	16,001,034	16,622,051	16,255,245	366,806
Classified Salaries	5,127,305	5,441,990	5,414,715	27,275
Employee Benefits	10,351,460	10,614,069	13,296,299	(2,682,230)
Books And Supplies	2,577,030	2,763,096	1,386,370	1,376,726
Services And Other Operating Expenditures	5,293,893	5,944,858	5,053,038	891,820
Other Outgo	1,298,500	1,298,500	1,321,883	(23,383)
Direct Support/Indirect Costs	-	-	(2)	2
Capital Outlay	471,470	471,470	180,356	291,114
Debt Service:				
Principal	200,000	200,000	105,043	94,957
Total Expenditures	41,320,692	43,356,034	43,012,947	343,087
Excess (Deficiency) of Revenues Over (Under) Expenditures	855,667	116,211	1,685,205	1,568,994
Other Financing Sources (Uses):				
Transfers In	500,000	-	-	-
Transfers Out	(500,000)	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	855,667	116,211	1,685,205	1,568,994
Fund Balance, July 1	7,891,249	7,891,249	7,125,183	(766,066)
Fund Balance, June 30	$ 8,746,916	$ 8,007,460	$ 8,810,388	$ 802,928

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.029%	0.027%	0.025%	0.027%	0.030%	0.032%	-	-	-	-
District's proportionate share of the net pension liability (asset)	$ 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	14,235,496	14,474,432	15,247,219	14,216,486	10,483,000	11,041,000	-	-	-	-
Total	$ 39,982,329	$ 39,661,537	$ 40,924,358	$ 35,916,023	$ 30,303,000	$ 29,325,000	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 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	156.39%	154.55%	398.26%	259.83%	189.07%	165.60%	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	72.56%	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 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	(2,659,142)	(2,511,201)	(2,162,700)	(1,050,626)	(1,533,128)	(1,213,395)	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 16,463,248	$ 16,297,033	$ 8,993,779	8,351,558	14,288,000	13,664,000	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.041%	0.039%	0.038%	0.037%	0.036%	0.037%	-	-	-	-
District's proportionate share of the net pension liability (asset)	$ 12,040,948	$ 10,322,104	$ 8,941,735	$ 7,255,909	$ 5,320,000	$ 4,168,000	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 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	189.09%	166.30%	99.42%	150.83%	120.14%	104.33%	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 1,188,481	$ 1,055,493	$ 799,568	$ 668,111	$ 524,611	$ 470,294	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(1,188,481)	(1,055,493)	(799,568)	(668,111)	(524,611)	(470,294)	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 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	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	24,513,634	24,525,491	23,688,090	-	-	-	-	-	-	-
Total OPEB liability - ending	$ 36,652,036	$ 24,513,634	$ 24,525,491	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 22,937,828	$ 22,504,135	$ 21,490,032	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total OPEB liability as a percentage of covered-employee payroll	159.79%	108.93%	114.12%	-	-	-	-	-	-	-

Notes to Schedule:

There were no changes of benefit terms in 2020.

There were no changes of assumptions in 2020. The following are the discount rates used in each period.

2020	2.20%
2019	4.00%
2018	4.00%
2017	NA
2016	NA
2015	NA
2014	NA
2013	NA
2012	NA
2011	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, 2020

	General Fund	Deferred Maintenance Fund
ASSETS:		
Cash in County Treasury	$ 3,176,587	$ 1,155
Cash in Revolving Fund	5,000	-
Investments	-	-
Accounts Receivable	1,154,938	6
Due from Grantor Governments	5,291,473	-
Due from Other Funds	565,008	-
Total Assets	10,193,006	1,161
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 1,345,438	$ -
Due to Grantor Governments	1,233,028	-
Due to Other Funds	5,441,622	-
Unearned Revenue	153,793	-
Total Liabilities	8,173,881	-
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	5,000	-
Restricted Fund Balances	316,664	-
Assigned Fund Balances	-	1,161
Unassigned:		
Other Unassigned	1,697,461	-
Total Fund Balance	2,019,125	1,161
Total Liabilities and Fund Balances	$ 10,193,006	$ 1,161

Special Reserve General Fund	Post Employment Benefits Fund	Totals June 30, 2020
$ 257,418	$ 391,779	$ 3,826,939
-	-	5,000
643,747	245,239	888,986
1,346	2,249	1,158,539
-	-	5,291,473
1,539,000	3,709,324	5,813,332
2,441,511	4,348,591	16,984,269
$ -	$ -	$ 1,345,438
-	-	1,233,028
-	-	5,441,622
-	-	153,793
-	-	8,173,881
-	-	5,000
-	-	316,664
2,485,318	4,392,398	6,878,877
(43,807)	(43,807)	1,609,847
2,441,511	4,348,591	8,810,388
$ 2,441,511	$ 4,348,591	$ 16,984,269

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Deferred Maintenance Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 28,476,931	$ -
Education Protection Account Funds	3,641,440	-
Local Sources	2,539,928	-
Federal Revenue	4,152,026	-
Other State Revenue	5,276,446	-
Other Local Revenue	598,364	23
Total Revenues	44,685,135	23
Expenditures:		
Current:		
Instruction	24,857,954	-
Instruction - Related Services	5,683,836	-
Pupil Services	3,857,772	-
Ancillary Services	87,156	-
Community Services	553,870	-
General Administration	2,473,532	-
Plant Services	3,891,545	-
Other Outgo	1,321,883	-
Capital Outlay	180,356	-
Debt Service:		
Principal	105,043	-
Total Expenditures	43,012,947	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,672,188	23
Net Change in Fund Balance	1,672,188	23
Fund Balance, July 1	346,937	1,138
Fund Balance, June 30	$ 2,019,125	$ 1,161

Special Reserve General Fund	Post Employment Benefits Fund	Totals June 30, 2020
$ -	$ -	$ 28,476,931
-	-	3,641,440
-	-	2,539,928
-	-	4,152,026
-	-	5,276,446
5,073	7,921	611,381
5,073	7,921	44,698,152
-	-	24,857,954
-	-	5,683,836
-	-	3,857,772
-	-	87,156
-	-	553,870
-	-	2,473,532
-	-	3,891,545
-	-	1,321,883
-	-	180,356
-	-	105,043
-	-	43,012,947
5,073	7,921	1,685,205
5,073	7,921	1,685,205
2,436,438	4,340,670	7,125,183
$ 2,441,511	$ 4,348,591	$ 8,810,388

ARVIN UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	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	$ 824,963	$ 1,456,341	$ 98,123	$ 2,379,427
Cash on Hand and in Banks	-	-	65,755	65,755
Cash in Revolving Fund	1,000	-	-	1,000
Cash with a Fiscal Agent/Trustee	-	224,551	-	224,551
Investments	-	-	643,746	643,746
Accounts Receivable	231,501	-	506	232,007
Due from Other Funds	74,732	-	-	74,732
Stores Inventories	23,650	-	-	23,650
Prepaid Expenditures	117,995	-	-	117,995
Total Assets	1,273,841	1,680,892	808,130	3,762,863
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	$ 73,643	$ -	$ -	$ 73,643
Due to Other Funds	710,009	-	-	710,009
Unearned Revenue	1,142	-	-	1,142
Total Liabilities	784,794	-	-	784,794
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	1,000	-	-	1,000
Stores Inventories	23,650	-	-	23,650
Prepaid Items	117,995	-	-	117,995
Restricted Fund Balances	300,672	1,680,892	164,206	2,145,770
Assigned Fund Balances	2,374	-	600,118	602,492
Unassigned:				
Unassigned, reported in nonmajor:				
Special Revenue Funds	43,356	-	-	43,356
Capital Projects Funds	-	-	43,806	43,806
Total Fund Balance	489,047	1,680,892	808,130	2,978,069
Total Liabilities and Fund Balances	$ 1,273,841	$ 1,680,892	$ 808,130	$ 3,762,863

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Debt Service Fund: Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	$ 2,430,532	$ -	$ -	$ 2,430,532
Other State Revenue	733,068	-	-	733,068
Other Local Revenue	21,647	1,392,589	231,999	1,646,235
Total Revenues	3,185,247	1,392,589	231,999	4,809,835
Expenditures:				
Current:				
Instruction	563,455	-	-	563,455
Instruction - Related Services	61,021	-	-	61,021
Pupil Services	2,629,798	-	-	2,629,798
General Administration	-	-	111	111
Plant Services	902	-	71,856	72,758
Capital Outlay	-	-	586,860	586,860
Debt Service:				
Principal	-	560,000	-	560,000
Interest	-	601,677	-	601,677
Total Expenditures	3,255,176	1,161,677	658,827	5,075,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,929)	230,912	(426,828)	(265,845)
Other Financing Sources (Uses):				
Other Sources	-	470,914	-	470,914
Total Other Financing Sources (Uses)	-	470,914	-	470,914
Net Change in Fund Balance	(69,929)	701,826	(426,828)	205,069
Fund Balance, July 1	558,976	979,066	1,234,958	2,773,000
Fund Balance, June 30	$ 489,047	$ 1,680,892	$ 808,130	$ 2,978,069

ARVIN UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-3)
ASSETS:			
Cash in County Treasury	$ 104,685	$ 720,278	$ 824,963
Cash in Revolving Fund	-	1,000	1,000
Accounts Receivable	106,431	125,070	231,501
Due from Other Funds	74,732	-	74,732
Stores Inventories	-	23,650	23,650
Prepaid Expenditures	-	117,995	117,995
Total Assets	285,848	987,993	1,273,841
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 3,495	$ 70,148	$ 73,643
Due to Other Funds	235,481	474,528	710,009
Unearned Revenue	1,142	-	1,142
Total Liabilities	240,118	544,676	784,794
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	-	1,000	1,000
Stores Inventories	-	23,650	23,650
Prepaid Items	-	117,995	117,995
Restricted Fund Balances	-	300,672	300,672
Assigned Fund Balances	2,374	-	2,374
Unassigned:			
Unassigned, reported in nonmajor:			
Special Revenue Funds	43,356	-	43,356
Total Fund Balance	45,730	443,317	489,047
Total Liabilities and Fund Balances	$ 285,848	$ 987,993	$ 1,273,841

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-4)
Revenues:			
Federal Revenue	$ -	$ 2,430,532	$ 2,430,532
Other State Revenue	578,796	154,272	733,068
Other Local Revenue	3,330	18,317	21,647
Total Revenues	582,126	2,603,121	3,185,247
Expenditures:			
Current:			
Instruction	563,455	-	563,455
Instruction - Related Services	61,021	-	61,021
Pupil Services	-	2,629,798	2,629,798
Plant Services	-	902	902
Total Expenditures	624,476	2,630,700	3,255,176
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,350)	(27,579)	(69,929)
Net Change in Fund Balance	(42,350)	(27,579)	(69,929)
Fund Balance, July 1	88,080	470,896	558,976
Fund Balance, June 30	$ 45,730	$ 443,317	$ 489,047

ARVIN UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Capital Facilities Fund	County School Facilities Fund	Special Reserve (Capital Projects) Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-3)
ASSETS:				
Cash in County Treasury	$ 97,941	$ 5	$ 177	$ 98,123
Cash on Hand and in Banks	65,755	-	-	65,755
Investments	-	-	643,746	643,746
Accounts Receivable	505	-	1	506
Total Assets	164,201	5	643,924	808,130
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Total Liabilities	-	-	-	-
Fund Balance:				
Restricted Fund Balances	$ 164,201	$ 5	$ -	$ 164,206
Assigned Fund Balances	-	-	600,118	600,118
Unassigned:				
Unassigned, reported in nonmajor:				
Capital Projects Funds	-	-	43,806	43,806
Total Fund Balance	164,201	5	643,924	808,130
Total Liabilities and Fund Balances	$ 164,201	$ 5	$ 643,924	$ 808,130

ARVIN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Facilities Fund	County School Facilities Fund	Special Reserve (Capital Projects) Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-4)
Revenues:				
Other Local Revenue	$ 231,995	$ -	$ 4	$ 231,999
Total Revenues	231,995	-	4	231,999
Expenditures:				
Current:				
General Administration	111	-	-	111
Plant Services	71,856	-	-	71,856
Capital Outlay	586,860	-	-	586,860
Total Expenditures	658,827	-	-	658,827
Excess (Deficiency) of Revenues Over (Under) Expenditures	(426,832)	-	4	(426,828)
Net Change in Fund Balance	(426,832)	-	4	(426,828)
Fund Balance, July 1	591,033	5	643,920	1,234,958
Fund Balance, June 30	$ 164,201	$ 5	$ 643,924	$ 808,130

ARVIN UNION SCHOOL DISTRICT

EXHIBIT C-9

BUILDING FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	1 Budget	2 Actual	3 Variance Positive (Negative)
Revenues:			
Other Local Revenue	$ -	$ 41,107	$ 41,107
Total Revenues	-	41,107	41,107
Expenditures:			
Current:			
Services And Other Operating Expenditures	-	337,284	(337,284)
Capital Outlay	4,100,000	3,461,483	638,517
Total Expenditures	4,100,000	3,798,767	301,233
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,100,000)	(3,757,660)	342,340
Other Financing Sources (Uses):			
Other Sources	4,100,000	7,100,893	3,000,893
Total Other Financing Sources (Uses)	4,100,000	7,100,893	3,000,893
Net Change in Fund Balance	-	3,343,233	3,343,233
Fund Balance, July 1	2,235,603	2,235,603	-
Fund Balance, June 30	$ 2,235,603	$ 5,578,836	$ 3,343,233

ARVIN UNION SCHOOL DISTRICT

EXHIBIT C-10

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
STUDENT BODY ACTIVITIES				
ASSETS				
Cash and investments	$ 41,283	$ 57,525	$ 49,245	$ 49,563
Total Assets	$ 41,283	$ 57,525	$ 49,245	$ 49,563
LIABILITIES				
Due to student groups	$ 41,283	$ 57,525	$ 49,245	$ 49,563
Total Liabilities	$ 41,283	$ 57,525	$ 49,245	$ 49,563

The accompanying notes are an integral part of this statement.

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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, 2020

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, 2020. The District is currently operating three elementary schools and one intermediate school.

Governing Board

Name	Office	Term Expiration
Toni Pichardo	President	2022
Monica Franetovich	Clerk	2020
Geri Rivera	Member	2022
Ruth Harris	Member	2020
Lilianna Nunez	Member	2022

Administration

Georgia Rhett
Superintendent

Emma Pereida-Martinez
Assistant Superintendent

Chris Davis
Chief Business Official

ARVIN UNION SCHOOL DISTRICT

Table D-1

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020

	Second Period Report	Annual Report
TK/K-3:		
Regular ADA	1,326.31	1,326.31
Extended Year Special Education	0.90	0.90
TK/K-3 Totals	1,327.21	1,327.21
Grades 4-6:		
Regular ADA	996.10	996.10
Extended Year Special Education	0.97	0.97
Grades 4-6 Totals	997.07	997.07
Grades 7 and 8:		
Regular ADA	631.97	631.97
Extended Year Special Education	0.46	0.46
Grades 7 and 8 Totals	632.43	632.43
ADA Totals	2,956.71	2,956.71

There were no audit findings which resulted in necessary revisions to attendance.

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

ARVIN UNION SCHOOL DISTRICT

TABLE D-2

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020

Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	2019-20 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	N/A	56,619	180	N/A	Complied
Kindergarten	36,000	N/A	56,619	180	N/A	Complied
Grade 1	50,400	N/A	54,979	180	N/A	Complied
Grade 2	50,400	N/A	54,979	180	N/A	Complied
Grade 3	50,400	N/A	54,979	180	N/A	Complied
Grade 4	54,000	N/A	54,979	180	N/A	Complied
Grade 5	54,000	N/A	54,979	180	N/A	Complied
Grade 6	54,000	N/A	54,979	180	N/A	Complied
Grade 7	54,000	N/A	58,314	180	N/A	Complied
Grade 8	54,000	N/A	58,314	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.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District did not meet its target funding.

ARVIN UNION SCHOOL DISTRICT

TABLE D-3

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2020

General Fund	Budget 2021 (see note 1)	2020	2019	2018
Revenues and other financial sources	$ 43,423,968	$ 44,698,152	$ 44,664,818	$ 39,635,708
Expenditures	42,824,595	43,012,947	43,816,901	40,142,353
Other uses and transfers out	-	-	500,000	-
Total outgo	42,824,595	43,012,947	44,316,901	40,142,353
Change in fund balance (deficit)	599,373	1,685,205	347,917	(506,645)
Ending fund balance	$ 9,409,762	$ 8,810,389	$ 7,125,184	$ 6,777,267
Available reserves (see note 2)	$ 8,426,471	$ 1,697,461	$ 2,434,809	$ 2,945,745
Available reserves as a percentage of total outgo (see note 3)	19.7%	3.9%	5.5%	7.3%
Total long-term debt	$ 105,185,771	$ 105,185,771	$ 83,384,346	$ 59,856,402
Average daily attendance at P-2	2,957	2,957	2,976	2,946

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 $2,033,122 (30.0%) over the past two years. The fiscal year 2020-2021 budget projects an increase of $599,373 (6.8%). 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 incurred any operating deficits in one of the past three years, and projects an increase during the 2020-2021 fiscal year. Total long-term debt has increased by $44,018,836 over the past two years.

Average daily attendance has increased by 11 over the past two years. During fiscal year 2020-2021, no change in average daily attendance is anticipated.

NOTES:
1. The budget for 2021 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

ARVIN UNION SCHOOL DISTRICT

TABLE D-4

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

	General Fund	Cafeteria Fund
June 30, 2020, annual financial and budget report fund balances	$ 2,710,379	$ 503,334
Adjustments and reclassifications:		
Decreasing the fund balance:		
Stores inventory adjustment to physical count	-	(60,017)
Prior year accounts payable	(691,254)	-
Net adjustments and reclassifications	(691,254)	(60,017)
June 30, 2020, audited financial statement fund balances	$ 2,019,125	$ 443,317

	Building Fund	Bond Interest and Redemption Fund
June 30, 2020, annual financial and budget report fund balances	$ 2,743,823	$ 1,456,341
Adjustments and reclassifications:		
Decreasing (increasing) the fund balance:		
Adjustment for building activity	2,835,013	-
Adjustment for bond activity	-	224,551
Net adjustments and reclassifications	2,835,013	224,551
June 30, 2020, audited financial statement fund balances	$ 5,578,836	$ 1,680,892

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-5

SCHEDULE OF CHARTER SCHOOLS AND OTHER INFORMATION
YEAR ENDED JUNE 30, 2020

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-6

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
U. S. Department of Agriculture				
Passed Through California Department of Education (CDE):				
School Breakfast Program-Basic	10.553	13525	$ -	$ 643,579
National School Lunch Program	10.555	13523, 13524	-	1,405,491
Total Passed Through California Department of Education (CDE)			-	2,049,070
Total U. S. Department of Agriculture			-	2,049,070
Total Child Nutrition Cluster			-	2,049,070
MEDICAID CLUSTER:				
U. S. Department of Health and Human Services				
Passed Through County Office of Education:				
Medical Assistance Program (Billing Option)	93.778	10013	-	30,177
Total U. S. Department of Health and Human Services			-	30,177
Total Medicaid Cluster			-	30,177
SPECIAL EDUCATION (IDEA) CLUSTER:				
U. S. Department of Education				
Passed Through California Department of Education (CDE):				
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	13379	-	554,085
Special Education - Preschool Grants	84.173	13430	-	7,478
Total Passed Through California Department of Education (CDE)			-	561,563
Total U. S. Department of Education			-	561,563
Total Special Education (IDEA) Cluster			-	561,563
OTHER PROGRAMS:				
U. S. Department of Education				
Direct Program:				
21st Century Community Learning Centers	84.287	14349	-	228,474
Passed Through California Department of Education (CDE):				
Title I Grants to Local Educational Agencies	84.010	14329	-	2,153,957
Title I, Part C, Migrant Education (MESRP)	84.011	10144	-	66,566
Migrant Education - State Grant Program - Regular	84.011	14326	-	735,129
Title III, English Learner Student Program	84.365	14346	-	175,862
Improving Teacher Quality State Grants	84.367	14341	-	122,041
Title IV, Part A, Student Support and Academic Enrichments Grants	84.424	15391	-	21,467
Title IV, Part A, Student Support and Academic Enrichments Grants	84.424	15396	-	56,791
Total Passed Through California Department of Education (CDE)			-	3,331,813
Total U. S. Department of Education			-	3,560,287
U. S. Department of Agriculture				
Passed Through California Department of Education (CDE):				
Child and Adult Care Food Program	10.558	13393	-	272,432
Fresh Fruit and Vegetable Program	10.582	14968	-	109,029
Total Passed Through California Department of Education (CDE)			-	381,461
Total U. S. Department of Agriculture			-	381,461
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 6,582,558

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, 2020

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.

Other Independent Auditor's Reports

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Arvin Union School District, as of and for the year ended June 30, 2020, 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 March 19, 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) to determine the 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 the Arvin Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 determination of financial statement amounts. 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
March 19, 2021

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

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, 2020. 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, 2020.

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

Linger, Peterson & Shrum
Fresno, California
March 19, 2021

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2020.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance 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, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below 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 Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Yes
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	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	N/A
After School Education and Safety Program:	
After School	Yes
Before School	N/A
General Requirements	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
CHARTER SCHOOLS:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	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.

Basis for Qualified Opinion on State Compliance

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the following:

Finding No.	Compliance Requirement
2020-001	Classroom Teacher Salaries

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

Qualified Opinion on State Compliance for Classroom Teacher Salaries

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on State Compliance paragraph, the Arvin Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements identified in the Auditor's Responsibility section above for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other State Programs

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 each of its other State Programs identified in the Auditor's Responsibility section for the year ended June 30, 2020.

Arvin Union School District's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, 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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
March 19, 2021

Findings and Recommendations Section

ARVIN UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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			
Version of compliance supplement used in audit:	August 2019			
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
84.010	Title I, Part A, Basic Grants Low-Income and Neglected

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? X Yes ____ No

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

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.

2020-001 Classroom Teacher Salaries [61000]

Federal Program Information

This finding does not relate to any Federal programs.

Criteria or Specific Requirement

For an elementary school district, 60% of the district's current expense of education should be for salaries of classroom teachers, as set forth in Education Code Section 41372 (b)(1).

Condition

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%.

Questioned Costs

The questioned cost is the deficiency amount of $974,704.62.

Perspective

Minimum percentage required	60.00%
Percentage spent by this District	57.29
Percentage below the minimum	2.71%
District's current expense of education after reductions	$ 35,966,960.18
Deficiency amount	$ 974,704.62

Effect

The District did not pay out 60% of the District's current expense of education for salaries of classroom teachers. The District was deficient by $974,704.62. The District may be required to add the deficient amount of $974,704.62 to the amounts to be expended for salaries of classroom teachers during 2020-2021. This finding is a repeat finding for this program and has been reported previously for June 30, 2019. (Finding 2019-003)

Cause

The new Local Control Funding Formula has increased the District's revenue and changed the allowable and required uses of the revenues, thus affecting the ratio of classroom expenditures versus operating expenditures. More funding is counted in this percentage than ever before, which makes it more difficult to meet.

Recommendation

The District should take steps to remedy this situation by being pro-active in ensuring that when additional programs and services for students are being added, that more attention be taken to ensure additional funds are being directed toward classroom expenditures. Also, as State Teacher Retirement contribution rates increase over the next several years, more funds will be spent on classroom expenditures each year as well. For this year, the District could apply for an "Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries."

Views of Responsible Officials and Planned Corrective Actions

The District completed the "Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries." The District management also believes that this formula should be updated to more appropriately reflect the adjustments and changes to LCAP.

ARVIN UNION SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
2019-001 Internal Control [30000] There is inadequate control over financial transactions of the Student Body Funds because of a general lack of segregation of duties due to a limited number of employees.	Implemented	Not Applicable
2019-002 Miscellaneous [60000] The Distict's management did not obtain an actuarial report per GASB 75 requirements.	Implemented	Not Applicable
2019-003 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%.	Not Implemented	See current year finding. The District management believes that this formula should be updated to more appropriately reflect the adjustments and changes to LCAP.

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