



Financial Statements
June 30, 2021

Cambrian School District

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Independent Auditor's Report

Board of Trustees
Cambrian School District
San Jose, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position (deficit) and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 52, schedule of the District's proportionate share of the net pension liability on page 53, and the schedule of District's pension contributions on page 54, 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 District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
January 31, 2022



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

Overview of the Financial Statements

The Financial Statements

The financial statements presented herein include all of the activities of the Cambrian School District (District) using the integrated approach as prescribed by GASB Statement Number 34.

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

The *Fund Financial Statements* include statements for governmental funds.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

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

The primary unit of the government is the Cambrian School District.

Reporting the District as A Whole

The Statement of Net Position and the Statement of Activities

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

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

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will be important components in this evaluation.

Governmental Activities - All of the District's services are reported in this category. This includes, but is not limited to, the education of kindergarten through grade eight students, support services, extracurricular activities, community services, pupil transportation, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

The District as A Whole

Net Position

The District's net position was a \$16.5 million deficit for the fiscal year ended June 30, 2021. Of this amount, \$26.2 million was an unrestricted deficit. The unrestricted deficit net position of governmental activities represents the accumulated results of all past years' operations for all District funds combined and available reserves. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the school board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	Restated 2020
Assets		
Current and other assets	\$ 36,897,486	\$ 16,983,725
Capital assets	54,479,145	56,950,586
Total assets	91,376,631	73,934,311
Deferred outflows of resources	9,386,228	9,825,424
Liabilities		
Current liabilities	4,683,373	2,496,210
Long-term liabilities	110,646,950	93,135,756
Total liabilities	115,330,323	95,631,966
Deferred inflows of resources	1,957,641	3,134,563
Net Position		
Net investment in capital assets	3,772,112	985,529
Restricted	5,897,348	3,197,769
Unrestricted	(26,194,565)	(18,975,347)
Total net position	\$ (16,525,105)	\$ (14,792,049)

Unrestricted net position for the year ended June 30, 2021, consists of the following:

	Governmental Activities	
	2021	2020
Unrestricted, Assigned and Nonspendable General Fund	\$ 6,735,237	\$ 4,972,497
Assigned Building Fund	-	5,954,441
Assigned Special Reserve - Capital Fund	-	577,553
Deferred Outflows of Resources	9,386,228	9,825,424
Deferred Inflows of Resources	(1,957,641)	(3,134,563)
Pension Liabilities	(40,193,399)	(37,024,900)
Compensated Absences	(164,990)	(145,799)
Total Unrestricted Net Position	<u>\$ (26,194,565)</u>	<u>\$ (18,975,347)</u>

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 210,210	\$ 254,330
Operating grants and contributions	8,939,471	4,374,664
General revenues		
Federal and State aid not restricted	14,040,343	12,202,142
Property taxes	22,374,853	24,084,518
Other general revenues	2,137,491	2,493,841
Total revenues	<u>47,702,368</u>	<u>43,409,495</u>
Expenses		
Instruction-related	35,065,149	35,364,336
Pupil services	2,502,604	3,262,862
Administration	2,811,208	3,258,083
Plant services	5,487,392	5,074,232
All other services	3,569,071	2,328,538
Total expenses	<u>49,435,424</u>	<u>49,288,051</u>
Change in net position	<u>\$ (1,733,056)</u>	<u>\$ (5,878,556)</u>

Governmental Activities

As reported in the Statement of Activities in the audited financial statements, the cost of all of our governmental activities this year was \$49.4 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes and other revenues was \$24.5 million, because of the total expenses, \$0.2 million was paid by those who benefited from the programs, \$8.9 million was paid by other governments and organizations who subsidized certain programs with grants and contributions, and \$14.0 million was paid by federal and state aid that is not restricted to specific purposes.

In Table 3, we have presented the net cost of each of the District's largest functions. Net cost of services shows the financial burden that was primarily placed on the District's taxpayers by each of these functions.

Table 3

	Net Cost of Services	
	2021	2020*
Instruction-related	\$ (27,857,299)	\$ (31,723,882)
Pupil services	(1,652,465)	(2,566,754)
Administration	(2,706,485)	(3,197,004)
Plant services	(5,290,366)	(5,068,897)
All other services	(2,779,128)	(2,102,520)
Total	<u>\$ (40,285,743)</u>	<u>\$ (44,659,057)</u>

* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

- Instruction expenditures include activities directly dealing with the teaching of pupils.
- Instruction-related services include the activities involved with assisting staff with the content and process of educating students.
- Pupil services include guidance and counseling, psychological, health, speech and testing services, transporting students, as well as preparing, delivering, and serving meals to students.
- General administration reflects expenditures associated with the administrative and financial supervision of the School District. Typical functions would include the Board of Trustees and Superintendent, Human Resources, Data Processing and Business Services.
- Maintenance and operations involve keeping the school grounds, buildings, and equipment in effective working condition.
- Other includes tuitions and transfers of resources between Cambrian School District and other educational agencies for services provided to students.

The District's Funds

As the District completed this year, our governmental funds reported a combined fund balance of \$33.2 million which is an increase of approximately \$17.5 million from last year. This increase is a result of a variety of revenue and expenditure variances throughout the budget in the General Fund and a \$15 million issuance of general obligation bonds in the Building fund that is a non-spendable reserve at year end 2021.

Table 4

Governmental Fund	June 30, 2021	June 30, 2020 as restated	Change	Percent Change
General	\$ 9,512,087	\$ 5,932,340	\$ 3,579,747	60.34%
Building	19,581,528	5,956,478	13,625,050	228.74%
Non-Major Governmental Funds	4,076,217	3,790,686	285,531	7.53%
Total	<u>\$ 33,169,832</u>	<u>\$ 15,679,504</u>	<u>\$ 17,490,328</u>	111.55%

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the District had \$91.6 million in a broad range of capital assets. Accumulated depreciation was \$37.1 million. The capital asset, net amount of \$54.5 million represents a net decrease (including deductions and depreciation) of \$2.5 million or 4.3% over last year. See Note 5 for more details.

Long-Term Obligations

At the end of this year, the District had \$70.5 million in outstanding debts, including bonds, bond premium and compensated absences. This is a decrease of \$14.3 million from prior year. The main changes are the combination of issuing \$15 million new general obligation bonds, \$0.5 million accretion interest, and \$1.2 million payment.

At the year end, the District has a net pension liability of \$40.2 million versus \$37.0 million last year, an increase of \$3.2 million, or 8.6%.

Other obligations include compensated absences payable. We present more detailed information regarding our long-term liabilities in Note 10.

Economic Factors and Next Year's Budgets and Rates

In considering the District Budget for the 2021-2022 fiscal year, the District board and management used the following criteria:

The key assumptions in our revenue forecast include, but are not limited to:

1. A decrease in ADA (Average Daily Attendance) based on recent trends, actual enrollments received, tempered by flat enrollment projection.
2. Removal of all one-time unrestricted state funds available for any purpose.
3. Decrease in principal apportionment based on declining enrollment.
4. Developer fee revenue estimates based on the history of actual fees collected.
5. Local revenues reflect anticipated Parcel Tax revenue and increases to lease revenues received from tenants.
6. Federal and State revenue estimates based on School Services of California's projections and the Governor's annual budget forecast.

The key assumptions in our expenditure forecast include, but are not limited to:

1. Increase in overall expenditures based on current educational programs.
2. Decrease in staffing based on not backfilling positions vacated through attrition and declining enrollment.
3. Increase in employer contributions to California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS).
4. Step and Column increases in staff salaries.
5. Impact of inflation on the cost of operating our educational program.

Factors Bearing on the District's Future

The Nation's economic situation and the State's economic situation are both major factors affecting the District's future. The financial well-being of the District is undeniably tied in large part to the State's relatively new funding formula. In 2013-14 the State Budget established a new funding system called the Local Control Funding Formula (LCFF). LCFF replaced the revenue limit funding system for determining State apportionments, as well as replaced the majority of categorical program funding. LCFF funding also includes funding derived from Proposition 30, which increases the State's total revenue temporarily. LCFF has reached full implementation. Unfortunately, with full implementation we are now in a COLA (Cost of Living Adjustment) only environment for LCFF funding increases which, in our current environment of declining enrollment, COLA increases will not provide for adequate funding for the District as our expenditures for salaries, contributions to the CalSTRS and CalPERS, and other operational needs continue to increase. This results in this District (as well as many others) searching for other resources to cover these annual incremental increases.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Financial Officer, Business Services, at Cambrian School District, 4115 Jacksol Drive, San Jose, California, 95124.

Cambrian School District
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Deposits and investments	\$ 28,129,724
Receivables	7,527,073
Prepaid expense	1,240,689
Capital assets not depreciated	550,605
Capital assets, net of accumulated depreciation	<u>53,928,540</u>
Total assets	<u>91,376,631</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pension	<u>9,386,228</u>
Liabilities	
Accounts payable	1,364,545
Interest payable	955,719
Unearned revenue	68,109
Short-term loans	2,295,000
Long-term liabilities	
Long-term liabilities other than pensions	
Due within one year	1,577,289
Due in more than one year	68,876,262
Aggregate net pension liabilities	<u>40,193,399</u>
Total liabilities	<u>115,330,323</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pension	<u>1,957,641</u>
Net Position	
Net investment in capital assets	3,772,112
Restricted for	
Debt service	1,575,363
Capital projects	1,165,025
Educational programs	2,931,857
Food Program	225,103
Unrestricted	<u>(26,194,565)</u>
Total net position (Deficit)	<u><u>\$ (16,525,105)</u></u>

Cambrian School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 30,767,677	\$ 1,946	\$ 7,112,522	\$ (23,653,209)
Instruction-related activities				
Supervision of instruction	1,529,609	-	60,650	(1,468,959)
Instructional library, media, and technology	337,104	15	17	(337,072)
School site administration	2,430,759	262	32,438	(2,398,059)
Pupil services				
Home-to-school transportation	195,494	-	-	(195,494)
Food services	675,036	-	753,745	78,709
All other pupil services	1,632,074	11,651	84,743	(1,535,680)
Administration				
Data processing	251,414	-	-	(251,414)
All other administration	2,559,794	-	104,723	(2,455,071)
Plant services	5,487,392	-	197,026	(5,290,366)
Ancillary services	90,612	-	-	(90,612)
Community services	925,453	-	376,796	(548,657)
Interest on long-term liabilities	2,553,006	-	-	(2,553,006)
Other outgo	-	196,336	216,811	413,147
Total governmental activities	<u>\$ 49,435,424</u>	<u>\$ 210,210</u>	<u>\$ 8,939,471</u>	<u>(40,285,743)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				17,267,246
Property taxes, levied for debt service				3,322,577
Taxes levied for other specific purposes				1,785,030
Federal and State aid not restricted to specific purposes				14,040,343
Interest and investment earnings				271,078
Miscellaneous				<u>1,866,413</u>
Total general revenues and transfers				<u>38,552,687</u>
Change in Net Position				(1,733,056)
Net Position (Deficit) - Beginning, as restated				<u>(14,792,049)</u>
Net Position (Deficit) - Ending				<u>\$ (16,525,105)</u>

See Notes to Financial Statements

Cambrian School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 5,424,766	\$ 19,728,992	\$ 2,975,966	\$ 28,129,724
Receivables	7,423,862	67,252	35,959	7,527,073
Prepaid expenditures	4,245	-	1,236,444	1,240,689
Total assets	\$ 12,852,873	\$ 19,796,244	\$ 4,248,369	\$ 36,897,486
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,013,732	\$ 214,716	\$ 136,097	\$ 1,364,545
Unearned revenue	32,054	-	36,055	68,109
Total liabilities	3,340,786	214,716	172,152	3,727,654
Fund Balances				
Nonspendable	5,645	-	1,236,654	1,242,299
Restricted	2,776,850	19,581,528	2,839,563	25,197,941
Unassigned	6,729,592	-	-	6,729,592
Total fund balances	9,512,087	19,581,528	4,076,217	33,169,832
Total liabilities and fund balances	\$ 12,852,873	\$ 19,796,244	\$ 4,248,369	\$ 36,897,486

Cambrian School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

Total Fund Balance - Governmental Funds	\$ 33,169,832
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 91,613,393
Accumulated depreciation is	<u>(37,134,248)</u>
Net capital assets	54,479,145
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.	
	(955,719)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to	
Net pension liability	9,386,228
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to	
Net pension liability	(1,957,641)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	
	(40,193,399)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
General obligation bonds, including premium	\$ (70,288,561)
Compensated absences (vacations)	<u>(164,990)</u>
Total long-term liabilities	<u>(70,453,551)</u>
Total net position - governmental activities	<u><u>\$ (16,525,105)</u></u>

Cambrian School District

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

Year Ended June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 30,701,099	\$ -	\$ -	\$ 30,701,099
Federal sources	2,665,759	-	402,557	3,068,316
Other State sources	6,058,260	-	45,194	6,103,454
Other local sources	3,445,281	85,202	3,862,089	7,392,572
Total revenues	42,870,399	85,202	4,309,840	47,265,441
Expenditures				
Current				
Instruction	26,518,164	-	-	26,518,164
Instruction-related activities				
Supervision of instruction	1,352,137	-	-	1,352,137
Instructional library, media, and technology	306,046	-	-	306,046
School site administration	2,142,780	-	-	2,142,780
Pupil services				
Home-to-school transportation	170,027	-	-	170,027
Food services	305,195	-	241,061	546,256
All other pupil services	1,519,567	-	-	1,519,567
Administration				
Data processing	234,109	-	-	234,109
All other administration	2,274,753	-	-	2,274,753
Plant services	3,745,369	1,160,994	639,332	5,545,695
Ancillary services	-	-	90,612	90,612
Community services	823,940	-	-	823,940
Debt service				
Principal	-	-	1,175,000	1,175,000
Interest and other	70,106	127,617	2,064,013	2,261,736
Total expenditures	39,462,193	1,288,611	4,210,018	44,960,822
Excess (Deficiency) of Revenues Over Expenditures	3,408,206	(1,203,409)	99,822	2,304,619
Other Financing Sources (Uses)				
Transfers in	171,541	-	-	171,541
Proceeds from sale of bonds	-	15,000,000	185,709	15,185,709
Transfers out	-	(171,541)	-	(171,541)
Net Financing Sources (Uses)	171,541	14,828,459	185,709	15,185,709
Net Change in Fund Balances	3,579,747	13,625,050	285,531	17,490,328
Fund Balance - Beginning, as restated	5,932,340	5,956,478	3,790,686	15,679,504
Fund Balance - Ending	\$ 9,512,087	\$ 19,581,528	\$ 4,076,217	\$ 33,169,832

Cambrian School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 17,490,328

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (3,022,046)	
Capital outlays	<u>550,605</u>	
Net expense adjustment		(2,471,441)

The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was (502,084)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (19,191)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (2,430,773)

Proceeds received from Sale of Bonds and premium is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (15,000,000)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized		(185,709)
Premium amortization		189,289

Cambrian School District

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

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	1,175,000
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Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

	<u>21,525</u>
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Change in net position of governmental activities

	<u><u>\$ (1,733,056)</u></u>
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Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Cambrian School District was organized in 1865 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades kindergarten through eighth as mandated by the State and/or Federal agencies. In August of 2016, the District has reopened the Steindorf school site as a magnet school with a focus on Science, Technology, Engineering, Arts and Math (S.T.E.A.M.). The District operates five elementary schools and one middle school.

A reporting entity is comprised of the primary government only. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Cambrian School District, this includes general operations, food service, and student related activities of the District.

Component Units – Charter Schools

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit(s) described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The District has approved Charters for Farnham Charter School, Fammatre Charter, Sartorette Charter School, and Ida Price Charter School. All of these Charter Schools are operated by the District, and their financial activities are presented in the General Fund.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental funds are those funds through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

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

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds). One of the District's capital project funds, Building fund, is presented above under major governmental funds selection.

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities. The District has one debt service fund, Bond Interest and Redemption fund that is presented above under major governmental funds selection.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a local educational agency (Education Code Sections 15125-15262).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$50,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities columns of the statement of net position, except for the net residual amounts due between governmental activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District’s financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$164,990.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 3% of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental columns of the Statement of Activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Clara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

As of June 30, 2021, the District adopted GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirement of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 16.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	
Cash on hand and in banks	\$ 175,007
Cash in revolving	1,610
Investments	<u>27,953,107</u>
Total deposits and investments	<u><u>\$ 28,129,724</u></u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pool is not registered with Stock Exchange Commission.

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

General Authorizations

Limitations as they relate to interest rate risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District has no specific limitations with respect to this metric.

Investment Type	Fair Value	Weighted Average Years
Certificates of Deposit	\$ 1,855,492	0.92
Corporate Notes	797,157	1.19
Municipal Bonds	2,445,295	1.43
County Pool Investment	22,826,833	1.69
Local Agency Investment Pool	28,330	0.52
Total	<u>\$ 27,953,107</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Rating as of Year End					
		AAA	AA	A	BBB	BB	Unrated
Certificates of Deposit	\$ 1,855,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,855,492
Corporate Notes	797,157	-	-	604,349	167,745	25,063	-
Municipal Bonds	2,445,295	93,906	2,194,244	157,145	-	-	-
County Pool Investment	22,826,833	-	-	-	-	-	22,826,833
Local Agency Investment Pool	28,330	-	-	-	-	-	28,330
Total	<u>\$ 27,953,107</u>	<u>\$ 93,906</u>	<u>\$ 2,194,244</u>	<u>\$ 761,494</u>	<u>\$ 167,745</u>	<u>\$ 25,063</u>	<u>\$ 24,710,655</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. The District did not have investments of more than 5% of any one issuer as of fiscal year ending June 30, 2021.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. As of June 30, 2021, all of the District's bank balances are insured by the Federal Depository Insurance Corporation.

Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of June 30, 2021, \$3,242,452 of investment balances were exposed to custodial credit risk by not being insured or collateralized.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs
Corporate Notes	\$ 797,157	\$ 797,157
Municipal Bonds	2,445,295	2,445,295
Total	<u>\$ 3,242,452</u>	<u>\$ 3,242,452</u>

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

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

	General Fund	Building Funds	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	\$ 974,319	\$ -	\$ -	\$ 974,319
State Government				
LCFF apportionment	4,639,998	-	-	4,639,998
Categorical aid	1,565,353	-	31,422	1,596,775
Lottery	88,447	-	-	88,447
Local Government				
Interest	20,588	24,597	4,537	49,722
Other local sources	135,157	42,655	-	177,812
	<u>\$ 7,423,862</u>	<u>\$ 67,252</u>	<u>\$ 35,959</u>	<u>\$ 7,527,073</u>

Note 5 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 550,605	\$ -	\$ 550,605
Capital assets being depreciated				
Buildings and improvements	91,062,788	-	-	91,062,788
Total capital assets	91,062,788	550,605	-	91,613,393
Accumulated depreciation				
Buildings and improvements	(34,112,202)	(3,022,046)	-	(37,134,248)
Governmental activities capital assets, net	<u>\$ 56,950,586</u>	<u>\$ (2,471,441)</u>	<u>\$ -</u>	<u>\$ 54,479,145</u>

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

Governmental Activities	
Instruction	\$ 1,960,212
Supervision of instruction	99,950
Instructional library, media, and technology	22,623
School site administration	158,393
Home-to-school transportation	12,569
Food services	40,379
All other pupil services	112,326
Community Services	60,905
Data processing	17,305
All other administration	168,149
Plant services	369,235
	<hr/>
Total depreciation expenses governmental activities	<u><u>\$ 3,022,046</u></u>

Note 6 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of \$171,541 transfers from the Building Fund rental revenues to the General fund to support operation.

Note 7 - Prepaid Expenditures

Prepaid expenditures at June 30, 2021, consisted of the following:

	General Fund	Bond Interest and Redemption Fund	Total
	<hr/>	<hr/>	<hr/>
Debt Principal and Interest Payment	\$ -	\$ 1,236,444	\$ 1,236,444
Other	4,245	-	4,245
	<hr/>	<hr/>	<hr/>
Total	<u><u>\$ 4,245</u></u>	<u><u>\$ 1,236,444</u></u>	<u><u>\$ 1,240,689</u></u>

Note 8 - Accounts Payable

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

	General Fund	Building Funds	Non-Major Governmental Funds	Total
Vendor payables	\$ 251,287	\$ 214,716	\$ 16,571	\$ 482,574
LCFF apportionment	595,834	-	-	595,834
Salaries and benefits	166,611	-	2,185	168,796
Other	-	-	117,341	117,341
Total	<u>\$ 1,013,732</u>	<u>\$ 214,716</u>	<u>\$ 136,097</u>	<u>\$ 1,364,545</u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2021, consists local sources in the amount of \$32,054 and \$36,055 from the General Fund and Cafeteria Fund, respectively.

Note 10 - Long-Term Liabilities Other than Pensions

Summary

The changes in the District's long-term liabilities other than pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 53,516,834	\$ 15,502,084	\$ (1,175,000)	\$ 67,843,918	\$ 1,355,000
Bond Premium	2,448,223	185,709	(189,289)	2,444,643	189,289
Compensated absences	145,799	48,351	(29,160)	164,990	33,000
Total	<u>\$ 56,110,856</u>	<u>\$ 15,736,144</u>	<u>\$ (1,393,449)</u>	<u>\$ 70,453,551</u>	<u>\$ 1,577,289</u>

The Bond Interest and Redemption Fund makes payments on the general obligation bonds with local property tax revenues. The compensated absences will be paid by the fund for which the employees worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
7/1/03	7/1/28	2.0-4.0%	\$ 15,524,912	\$ 1,029,103	\$ -	\$ 55,798	\$ -	\$ 1,084,901
4/1/05	7/1/35	2.7-5.5%	5,450,033	7,642,731	-	446,286	-	8,089,017
8/27/13	7/1/26	3.0-5.0%	11,510,000	7,480,000	-	-	(835,000)	6,645,000
9/23/14	7/1/39	2.0-5.0%	39,000,000	36,380,000	-	-	(210,000)	36,170,000
9/23/14	7/1/25	3.0-5.0%	1,415,000	985,000	-	-	(130,000)	855,000
11/3/20	8/1/50	2.0-5.0%	15,000,000	-	15,000,000	-	-	15,000,000
				<u>\$ 53,516,834</u>	<u>\$ 15,000,000</u>	<u>\$ 502,084</u>	<u>\$ (1,175,000)</u>	<u>\$ 67,843,918</u>

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027-2031	1,985,269	3,019,147	5,004,416	2,615,584	7,620,000
2032-2036	1,669,675	2,499,827	4,169,502	3,865,498	8,035,000
Total	<u>\$ 3,654,944</u>	<u>\$ 5,518,974</u>	<u>\$ 9,173,918</u>	<u>\$ 6,481,082</u>	<u>\$ 15,655,000</u>

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	\$ 1,355,000	\$ 2,184,915	\$ 3,539,915
2023	3,210,000	2,164,406	5,374,406
2024	3,760,000	2,000,056	5,760,056
2025	1,990,000	1,864,931	3,854,931
2026	2,220,000	1,774,431	3,994,431
2027-2031	7,755,000	7,722,175	15,477,175
2032-2036	12,380,000	5,467,094	17,847,094
2037-2041	17,260,000	2,293,531	19,553,531
2042-2046	3,540,000	833,491	4,373,491
2047-2050	5,200,000	327,156	5,527,156
Total	<u>\$ 58,670,000</u>	<u>\$ 26,632,186</u>	<u>\$ 85,302,186</u>

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Funds	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 1,400	\$ -	\$ 210	\$ 1,610
Prepaid expenditures	4,245	-	1,236,444	1,240,689
Total nonspendable	5,645	-	1,236,654	1,242,299
Restricted				
Educational programs	2,776,850	-	155,007	2,931,857
Food service	-	-	224,893	224,893
Capital projects	-	19,581,528	1,165,025	20,746,553
Debt services	-	-	1,294,638	1,294,638
Total restricted	2,776,850	19,581,528	2,839,563	25,197,941
Unassigned				
Reserve for economic uncertainties	1,183,866	-	-	1,183,866
Remaining unassigned	5,545,726	-	-	5,545,726
Total unassigned	6,729,592	-	-	6,729,592
Total	<u>\$ 9,512,087</u>	<u>\$ 19,581,528</u>	<u>\$ 4,076,217</u>	<u>\$ 33,169,832</u>

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District contracted with Santa Clara County Schools Insurance Group for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in the Santa Clara County Schools Insurance Group, an insurance purchasing pool. The intent of the Santa Clara County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Santa Clara County Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Santa Clara County Schools Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Santa Clara County Schools Insurance Group. Participation in the Santa Clara County Schools Insurance Group is limited to districts that can meet the Santa Clara County Schools Insurance Group's selection criteria.

Insurance Program/ Company Name	Type of Coverage	Limits
<u>Workers' Compensation Program</u>		
Santa Clara County Schools Insurance Group	Workers' Compensation	\$ 1,000,000
<u>Property and Liability Program</u>		
School Excess Liability Fund (SELF)	Excess General Liability	\$ 50,000,000
Santa Clara County Schools Insurance Group	General Liability	\$ 5,000,000
Santa Clara County Schools Insurance Group	Property	\$ 600,000,000

Note 13 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 31,485,333	\$ 7,556,378	\$ 1,957,641	\$ 4,194,774
CalPERS	8,708,066	1,829,850	-	1,924,659
Total	<u>\$ 40,193,399</u>	<u>\$ 9,386,228</u>	<u>\$ 1,957,641</u>	<u>\$ 6,119,433</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$2,786,023.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 31,485,333
State's proportionate share of the net pension liability	<u>16,230,693</u>
Total	<u><u>\$ 47,716,026</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0325% and 0.0325%, resulting in no change to the proportionate share percent.

For the year ended June 30, 2021, the District recognized pension expense of \$4,194,774. In addition, the District recognized pension expense and revenue of \$2,273,761 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,786,023	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	896,621	1,069,701
Differences between projected and actual earnings on pension plan investments	747,911	-
Differences between expected and actual experience in the measurement of the total pension liability	55,557	887,940
Changes of assumptions	3,070,266	-
Total	<u>\$ 7,556,378</u>	<u>\$ 1,957,641</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (456,370)
2023	254,827
2024	508,407
2025	441,047
Total	<u>\$ 747,911</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 771,571
2023	723,264
2024	912,936
2025	(74,077)
2026	(235,807)
Thereafter	(33,084)
Total	<u>\$ 2,064,803</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 47,569,953
Current discount rate (7.10%)	31,485,333
1% increase (8.10%)	18,205,215

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$902,637.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$8,708,066. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0284% and 0.0262%, resulting in a net increase in the proportionate share of 0.0022%.

For the year ended June 30, 2021, the District recognized pension expense of \$1,924,659. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 902,637	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	282,112	-
Differences between projected and actual earnings on pension plan investments	181,274	-
Differences between expected and actual experience in the measurement of the total pension liability	431,894	-
Changes of assumptions	31,933	-
	<u>\$ 1,829,850</u>	<u>\$ -</u>
Total	<u>\$ 1,829,850</u>	<u>\$ -</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (67,836)
2023	60,508
2024	105,173
2025	83,429
	<hr/>
Total	\$ 181,274
	<hr/>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 388,409
2023	223,954
2024	122,459
2025	11,117
	<hr/>
Total	\$ 745,939
	<hr/>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 12,519,433
Current discount rate (7.15%)	8,708,066
1% increase (8.15%)	5,544,823

Tax Deferred Annuity/Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,836,834 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, and have been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities

The District is a member of the Santa Clara County Schools Insurance Group public entity risk pool and the West Valley Transportation Joint Powers Authority. The District pays an annual premium to the entities for its health, workers' compensation, property liability coverage, and to purchase transportation services. The relationship between the District and the pool, is such that it is not a component unit of the District for financial reporting purposes. The entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities. The District has appointed one member to the governing board of Santa Clara County Schools Insurance Group and West Valley Transportation Joint Powers Authority.

During the year ended June 30, 2021, the District made payments of \$1,317,522 and \$51,936 to the Santa Clara County Schools Insurance Group and West Valley Transportation Joint Powers Authority, respectively.

Note 16 - Restatement of Prior Year net Position (Deficit) and Fund Balance

As of June 30, 2021, the Cambrian School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position (deficit).

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 3,575,941	\$ 15,464,759
Reclassification of student activity funds from agency funds to a special revenue fund	<u>214,745</u>	<u>214,745</u>
Fund Balance - Beginning as Restated June 30, 2020	<u><u>\$ 3,790,686</u></u>	<u><u>\$ 15,679,504</u></u>
Governmental Activities		
Beginning Net Position (Deficit) Governmental Activity previously reported at June 30, 2020		\$ (15,006,794)
Reclassification of student activity funds from agency funds to a special revenue fund		<u>214,745</u>
Net Position (Deficit) - Beginning as Restated		<u><u>\$ (14,792,049)</u></u>



Required Supplementary Information
June 30, 2021

Cambrian School District

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 30,750,555	\$ 30,492,213	\$ 30,701,099	\$ 208,886
Federal sources	1,058,011	2,745,902	2,665,759	(80,143)
Other State sources	2,904,356	3,002,707	6,058,260	3,055,553
Other local sources	3,559,849	3,181,595	3,445,281	263,686
Total revenues	38,272,771	39,422,417	42,870,399	3,447,982
Expenditures				
Current				
Certificated salaries	18,074,920	17,482,562	18,121,739	(639,177)
Classified salaries	4,702,889	5,427,159	5,236,072	191,087
Employee benefits	8,803,120	9,295,705	9,268,997	26,708
Books and supplies	2,123,651	1,912,370	1,213,652	698,718
Services and operating expenditures	6,898,811	6,229,234	5,551,627	677,607
Debt service				
Debt service - interest and other	-	-	70,106	(70,106)
Total expenditures	40,603,391	40,347,030	39,462,193	884,837
Excess (Deficiency) of Revenues Over Expenditures	(2,330,620)	(924,613)	3,408,206	4,332,819
Other Financing Sources (Uses)				
Transfers in	179,703	171,541	171,541	-
Transfers out	(160,829)	(109,930)	-	109,930
Net financing sources (uses)	18,874	61,611	171,541	109,930
Net Change in Fund Balances	(2,311,746)	(863,002)	3,579,747	4,442,749
Fund Balance - Beginning	5,932,340	5,932,340	5,932,340	-
Fund Balance - Ending	<u>\$ 3,620,594</u>	<u>\$ 5,069,338</u>	<u>\$ 9,512,087</u>	<u>\$ 4,442,749</u>

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0325%	0.0325%	0.0335%	0.0321%	0.0317%	0.0330%	0.0319%
Proportionate share of the net pension liability	\$ 31,485,333	\$ 29,389,092	\$ 30,817,680	\$ 29,649,264	\$ 25,629,902	\$ 22,186,672	\$ 18,639,896
State's proportionate share of the net pension liability	16,230,693	16,033,712	17,644,563	14,590,646	14,590,646	11,734,304	11,255,574
Total	\$ 47,716,026	\$ 45,422,804	\$ 48,462,243	\$ 44,239,910	\$ 40,220,548	\$ 33,920,976	\$ 29,895,470
Covered-employee payroll	\$ 17,369,965	\$ 17,464,097	\$ 17,858,572	\$ 17,066,741	\$ 15,823,122	\$ 15,282,016	14,383,583
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.26%	168.28%	172.57%	173.73%	161.98%	145.18%	129.59%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.0284%	0.0262%	0.0259%	0.0259%	0.0245%	0.0237%	0.0243%
Proportionate share of the net pension liability	\$ 8,708,066	\$ 7,635,808	\$ 6,908,676	\$ 6,180,272	\$ 4,838,936	\$ 3,488,785	\$ 2,763,676
Covered-employee payroll	\$ 4,184,377	\$ 3,638,290	\$ 3,443,713	\$ 3,346,321	\$ 2,973,267	\$ 2,547,566	2,567,727
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	208.11%	209.87%	200.62%	184.69%	162.75%	136.95%	107.63%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Cambrian School District
Schedule of the District's Pension Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	\$ 2,786,023	\$ 2,970,264	\$ 2,843,155	\$ 2,576,992	\$ 2,146,996	\$ 1,697,821	\$ 1,357,043
Less contributions in relation to the contractually required contribution	<u>2,786,023</u>	<u>2,970,264</u>	<u>2,843,155</u>	<u>2,576,992</u>	<u>2,146,996</u>	<u>1,697,821</u>	<u>1,357,043</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$17,250,916</u>	<u>\$17,369,965</u>	<u>\$17,464,097</u>	<u>\$17,858,572</u>	<u>\$17,066,741</u>	<u>\$15,823,122</u>	<u>\$15,282,016</u>
Contributions as a percentage of covered-employee payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS							
Contractually required contribution	\$ 902,637	\$ 825,201	\$ 657,148	\$ 534,843	\$ 464,737	\$ 352,243	\$ 299,874
Less contributions in relation to the contractually required contribution	<u>902,637</u>	<u>825,201</u>	<u>657,148</u>	<u>534,843</u>	<u>464,737</u>	<u>352,243</u>	<u>299,874</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 4,360,565</u>	<u>\$ 4,184,377</u>	<u>\$ 3,638,290</u>	<u>\$ 3,443,713</u>	<u>\$ 3,346,321</u>	<u>\$ 2,973,267</u>	<u>\$ 2,547,566</u>
Contributions as a percentage of covered-employee payroll	<u>20.700%</u>	<u>19.7210%</u>	<u>18.0620%</u>	<u>15.5310%</u>	<u>13.8880%</u>	<u>11.8470%</u>	<u>11.7710%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

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

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District's Pension Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2021

Cambrian School District

Cambrian School District
Schedule of Expenditures of Federal Awards
June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA/Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States	84.027	13379	\$ 633,122
Special Education Grants to States	84.027	14468	38,442
Special Education Preschool Grants	84.173	13430	<u>19,108</u>
Total Special Education Cluster			<u>690,672</u>
COVID-19, Education Stabilization Fund			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	85,292
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15547	290,079
Governor's Emergency Education Relief (GEER) Fund			
Learning Loss Mitigation	84.425C	15517	199,185
COVID-19, CARES Act Supplemental Meal Reimbursement	84.425	15535	<u>33,194</u>
Subtotal			<u>607,750</u>
Title I Grants to Local Educational Agencies	84.010	14329	68,182
Improving Teacher Quality State Grants	84.367	14341	2,449
English Language Acquisition State Grants - LEP	84.365	14346	40,202
Student Support and Academic Enrichment Program	84.424	15396	<u>10,241</u>
Total U.S. Department of Education			<u>1,419,496</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	243,303
School Breakfast Program	10.553	13568	24,931
School Breakfast Program	10.553	13526	101,130
National School Lunch Program			
- Commodity Supplemental Food	10.555	13391	<u>7,915</u>
Total Child Nutrition Cluster			<u>377,279</u>
Total U.S. Department of Agriculture			<u>377,279</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through California Department of Education			
COVID-19, Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	<u>1,235,667</u>
Total U.S. Department of Treasury			<u>1,235,667</u>
Total Federal Financial Assistance			<u><u>\$ 3,032,442</u></u>

ORGANIZATION

The Cambrian School District was organized in 1865 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades kindergarten through eighth as mandated by the State and/or Federal agencies. The District operates four elementary schools, one middle school and one kindergarten through eighth grade STEAM Magnet School. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jarod Middleton	President	2022
Carol Presunka	Vice President	2022
Donald Rocha	Clerk	2024
Janet Gillis	Member	2024
Randy Scofield	Member	2022

ADMINISTRATION

NAME	TITLE
Dr. Carrie Andrews	Superintendent
Dr. John Pappalardo	Chief Financial Officer

Cambrian School District
Schedule of Instructional Time - District
Year Ended June 30, 2021

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

Cambrian School District
Schedule of Instructional Time – All Charter Schools
Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Fammatre Charter School					
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 5					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Farnham Charter School					
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 5					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Sartorette Charter School					
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 5					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Ida Price Charter School					
Grades 6 - 8					
Grade 6	180	N/A	-	180	Complied
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied

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

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

	(Budget) 2022 ¹	2021	2020	2019
General Fund				
Revenues	\$ 41,224,902	\$ 42,870,399	\$ 39,056,510	\$ 37,462,219
Other sources	171,541	171,541	479,000	500,000
Total Revenues and Other Sources	41,396,443	43,041,940	39,535,510	37,962,219
Expenditures	43,191,444	39,462,193	39,923,529	36,373,056
Other uses and transfers out	-	-	173,320	-
Total Expenditures and Other Uses	43,191,444	39,462,193	40,096,849	36,373,056
Increase/(Decrease) in Fund Balance	(1,795,001)	3,579,747	(561,339)	1,589,163
Ending Fund Balance	\$ 7,717,086	\$ 9,512,087	\$ 5,932,340	\$ 6,493,679
Available Reserves ²	\$ 1,432,584	\$ 6,729,592	\$ 4,093,927	\$ 4,873,975
Available Reserves as a Percentage of Total Outgo	3.32%	17.05%	10.21%	13.95%
Long-Term Liabilities	\$ 109,069,661	\$ 110,646,950	\$ 93,135,756	\$ 93,037,106
K-12 Average Daily Attendance at P-2 ³	3,059	3,297	3,297	3,354

The General Fund balance has increased by \$3,018,408 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$1,795,001. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred two operating surpluses and one operating deficit in the past three years. The District anticipates incurring operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$17,430,325 over the past two years.

Average daily attendance has decreased by 57 over the past two years. Additional decline of 238 ADA is anticipated during fiscal year 2021-2022.

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

² Available reserves consist of all unassigned and assigned fund balances including all amounts reserved for economic uncertainties and assigned for fiscal stability contained with the General Fund.

³ Average daily attendance includes all charter schools.

Cambrian School District
Schedule of Charter Schools
Year Ended June 30, 2021

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Fammatre Charter School	0638	Yes
Farnham Charter School	0574	Yes
Sartorette Charter School	0497	Yes
Idea Price Charter School	0575	Yes

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

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	\$ 155,007	\$ 248,272	\$ 656,472	\$ 623,797	\$ 1,292,418	\$ 2,975,966
Receivables	-	31,642	1,111	986	2,220	35,959
Prepaid expenditures	-	-	-	-	1,236,444	1,236,444
Total assets	<u>\$ 155,007</u>	<u>\$ 279,914</u>	<u>\$ 657,583</u>	<u>\$ 624,783</u>	<u>\$ 2,531,082</u>	<u>\$ 4,248,369</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 18,756	\$ -	\$ 117,341	\$ -	\$ 136,097
Unearned revenue	-	36,055	-	-	-	36,055
Total liabilities	<u>-</u>	<u>54,811</u>	<u>-</u>	<u>117,341</u>	<u>-</u>	<u>172,152</u>
Fund Balances						
Nonspendable	-	210	-	-	1,236,444	1,236,654
Restricted	155,007	224,893	657,583	507,442	1,294,638	2,839,563
Total fund balances	<u>155,007</u>	<u>225,103</u>	<u>657,583</u>	<u>507,442</u>	<u>2,531,082</u>	<u>4,076,217</u>
Total liabilities and fund balances	<u>\$ 155,007</u>	<u>\$ 279,914</u>	<u>\$ 657,583</u>	<u>\$ 624,783</u>	<u>\$ 2,531,082</u>	<u>\$ 4,248,369</u>

Cambrian School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	\$ -	\$ 402,557	\$ -	\$ -	\$ -	\$ 402,557
Other State sources	-	30,983	-	-	14,211	45,194
Other local sources	30,874	784	216,651	300,746	3,313,034	3,862,089
Total revenues	30,874	434,324	216,651	300,746	3,327,245	4,309,840
Expenditures						
Current						
Pupil services						
Food services	-	241,061	-	-	-	241,061
Plant services	-	-	-	639,332	-	639,332
Ancillary services	90,612	-	-	-	-	90,612
Debt service						
Principal	-	-	-	-	1,175,000	1,175,000
Interest and other	-	-	-	-	2,064,013	2,064,013
Total expenditures	90,612	241,061	-	639,332	3,239,013	4,210,018
Excess (Deficiency) of Revenues Over Expenditures	(59,738)	193,263	216,651	(338,586)	88,232	99,822
Other Financing Sources (Uses)						
Other sources	-	-	-	-	185,709	185,709
Net Change in Fund Balances	(59,738)	193,263	216,651	(338,586)	273,941	285,531
Fund Balance - Beginning, as restated	214,745	31,840	440,932	846,028	2,257,141	3,790,686
Fund Balance - Ending	\$ 155,007	\$ 225,103	\$ 657,583	\$ 507,442	\$ 2,531,082	\$ 4,076,217

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Cambrian School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance) of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		\$ 3,068,316
Fair Market Value of Commodities	10.555	7,915
Medical Billing		<u>(43,789)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 3,032,442</u>

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Instructional Time

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

Cambrian School District



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

Governing Board
Cambrian School District
San Jose, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cambrian School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Cambrian School District's basic financial statements and have issued our report thereon dated January 31, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, Cambrian School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position (deficit) and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
January 31, 2022



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

Governing Board
Cambrian School District
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited Cambrian School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cambrian School District's major federal programs for the year ended June 30, 2021. Cambrian School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cambrian 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 Cambrian 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 Cambrian School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Cambrian 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 Cambrian 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 Cambrian School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
January 31, 2022



Independent Auditor's Report on State Compliance

Governing Board
Cambrian School District
San Jose, California

Report on State Compliance

We have audited Cambrian School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

Early Retirement Incentive

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

Apprenticeship: Related and Supplemental Instruction

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

District of Choice

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

California Clean Energy Jobs Act

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

Independent Study - Course Based

The District and its charter schools do not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Nonclassroom-Based Instruction/Independent Study for Charter Schools

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study because the District's charter school is entirely classroom-based.

Nonclassroom-Based Instruction/Independent Study

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study because the Charter School is classroombased.

Determination of Funding for Nonclassroom-Based Instruction

We did not perform procedures for the Determination of Funding for Nonclassroom-Based Instruction because the Charter School is classroombased.

Charter School Facility Grant Program

We did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program

Unmodified Opinion

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
January 31, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Cambrian School District

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19, Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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None reported.

None reported.

None reported.

None reported.